



REPLIES OF THE EUROPEAN COMMISSION

TO THE EUROPEAN COURT OF
AUDITORS' SPECIAL REPORT

EU support to coal regions

Limited focus on socio-economic and energy
transition

Contents

EXECUTIVE SUMMARY (Paragraphs I-VII).....	2
INTRODUCTION (Paragraphs 1-21).....	3
AUDIT SCOPE AND APPROACH (Paragraphs 22-25).....	3
OBSERVATIONS (Paragraphs 26-56).....	3
CONCLUSIONS AND RECOMMENDATIONS (Paragraphs 57-63).....	5
Recommendation 1 – Check that the Just Transition Fund is used effectively and efficiently to alleviate the socio-economic impact of the transition to climate-neutrality in coal and carbon-intensive regions.....	6
Recommendation 2 – Share good practices for measuring and managing methane emissions	6

This document presents the replies of the European Commission to observations of a Special Report of the European Court of Auditors, in line with Article 259 of the [Financial Regulation](#) and to be published together with the Special Report.

EXECUTIVE SUMMARY (Paragraphs I-VII)

Commission replies:

I. The Commission welcomes the ECA's Special Report on EU support to coal regions.

Whereas the pace of the decline of coal varies significantly across Member States, the primary production of solid fossil fuels in the EU-27 is already in structural decline since at least the 1990s. The evolution of imports of solid fossil fuels is similar to that of primary production – steady or declining. On an EU-27 level, the replacement of domestic to imported solid fossil fuels has been marginal at best.

In recent years, the phase-out of coal has been acknowledged as key in the transition to a climate-neutral Europe by 2050, with the European Green Deal specifically recognising that no person and no place can be left behind.

II. The cohesion policy funds, which focus on reducing disparities in Europe and fostering economic, social and territorial cohesion, have contributed significantly to the EU's climate and energy goals. However, the 'socio-economic and energy transition' of coal regions was not a specific goal of the legal framework underpinning the 2014-2020 cohesion policy funds.

By contrast, the Just Transition Fund (JTF) of EUR 19.3 billion, introduced as part of the 2021-2027 cohesion policy funds, is dedicated specifically to supporting the regions and people facing the biggest social, employment, economic and environmental impacts of the transition to a climate-neutral economy of the Union by 2050.

III. The 2014-2020 cohesion policy legal basis did not contain any specific objectives as regards support for the energy transition of coal regions and, more generally, did not include any specific provision for coal regions. Member States had no obligation to treat coal regions in a particular way when the 2014-2020 programmes were negotiated. In addition, Member States have the right to define their energy mix and thus the share of fossil fuels, as long as they comply with their legal obligations.

IV. While it is the European Regional Development Fund's (ERDF) role to create jobs, the European Social Fund (ESF) is the main EU instrument to support people's employment opportunities and skills.

V. The programming of the JTF takes the need of coal, peat and oil shale regions as well as carbon-intensive regions fully into account.

The JTF was initially proposed with EUR 8.45 billion, and in view of the significant socio-economic challenges associated with the transition in a post-pandemic recovery context, was additionally endowed with EUR 10.87 billion under Next Generation EU, to reach a total amount of EUR 19.3 billion. JTF investments are designed specifically to support the regions and territories most impacted by the transition and are complemented by investments under the Recovery and Resilience Facility supporting the effective transition to climate neutrality in the current challenging economic context.

VII. The Commission accepts the recommendations.

INTRODUCTION (Paragraphs 1-21)

Commission replies:

16. The REPowerEU Communication, adopted in March 2022, has two objectives, namely in the next months, to cut reliance on fossil fuel imports from Russia for gas, oil and coal, and in the next few years, to cut reliance on all imported fossil fuels by accelerating the delivery of the European Green Deal. Therefore, in the short term, some Member States might consider reopening or prolonging the life of existing coal-fired plants as a “next winter” kind of solution to compensate for gas supply shortages. This would mean keeping such plants online and ready to contribute to power production in case of peak demand – therefore only running for a few hours. This will however not delay switching to renewables, nor deviate the EU from its overall 2030 and 2050 trajectory. It only implies that in the very short term, coal might be needed to cover any potential gap in gas supplies.

19. While no dedicated programmes existed for coal regions in particular, the report rightly states that these regions could benefit from existing funds such as the ERDF, ESF and Cohesion Fund, not only in 2014-2020 but also in the decades before.

The potential resources available to contribute to growth and jobs in EU coal regions in 2014-2020 have been estimated at around EUR 32 billion, with regard to the 18 pilot regions of the Initiative for coal regions in transition in 8 EU Member States¹.

Moreover, this is topped by other funding opportunities, such as those under the LIFE programme, the European Globalisation Adjustment Fund, the Connecting Europe Facility and the European Agricultural Fund for Rural Development. Moreover, in the past specific Community initiatives existed such as RECHAR².

AUDIT SCOPE AND APPROACH (Paragraphs 22-25)

No Commission replies.

OBSERVATIONS (Paragraphs 26-56)

Commission replies:

34. A legal requirement to prepare a ‘socio-economic or energy transition strategy’ at the level of coal regions still does not exist. However, regions benefitting from the JTF now have to draw up Territorial Just Transition Plans (TJTPs), outlining the transition and its impacts in their region. Each TJTP should contain a description of the transition process at a national level, including a timeline

¹ Open Data Platform, [Cohesion policy supporting the Energy Union | Data | European Structural and Investment Funds \(europa.eu\)](#)

² Community initiative concerning the economic conversion of coal-mining areas, [Community initiative \(EC\) concerning the economic conversion of coal-mining areas, 1994-1997 | Programme | REG | CORDIS | European Commission \(europa.eu\)](#)

for key transition steps towards the 2030 climate and energy targets and towards the 2050 climate neutrality target. These steps should be consistent with the National Energy and Climate Plans and National Long-Term Strategies, notably the planned investments, the timeframe of the key transition steps, contribution to national targets, the objectives to be achieved and the actions to be taken for the just transition. The TJTPs need to demonstrate clear evidence of a transition process and its impact at the level of the concerned territory in the near future (by 2030 or before).

36. While it is the ERDF's role to create jobs, the ESF is the main EU instrument to support people's employment opportunities and skills. In the regions included in the audit, the ESF supported laid-off workers to help them find new employment opportunities. Across the EU, 4.4 million participants have found a job thanks to the support of the ESF being in already existing positions or newly created ones. The newly created JTF brings together the focus on creating jobs and supporting people, tailored to the specific needs of the regions most affected by the climate transition.

43. Public funding has a fundamental role in triggering energy savings across the EU in line with the EU targets and it is a key driving force to scale up and leverage investments in energy efficiency.

The Commission study referred to by ECA covers only energy savings in 2014-2017 eligible under Article 7 of the Energy Efficiency Directive.

45. The JTF was put in place by the EU as part of the European Green Deal, the EU's strategy for the transition to a climate-neutral economy, and aims to leave no region behind in the transition. For the 2021-2027 period, the JTF allocates EUR 19.3 billion (in current prices) to help those regions that are the most negatively affected by the transition to climate neutrality, by alleviating the socio-economic impacts of the transition. This will benefit regions dependent on the production of fossil fuels (such as coal, lignite, peat and oil shale) for energy use, but also regions dependent on carbon-intensive industries (such as steel, cement or chemicals).

To access the support of the JTF, as well as of the other two pillars of the Just Transition Mechanism (JTM), Member States need to establish TJTPs, which will be adopted together with their cohesion policy programmes, which cover all the cohesion policy funds (European Regional Development Fund (ERDF), Cohesion Fund (CF), European Social Fund Plus (ESF+) and Just Transition Fund (JTF)). The Commission established the Just Transition Platform (JTP) in June 2020 to support all stakeholders in using the JTM.

However, already before the creation of the JTF, the cohesion policy funds have contributed to implementing the 2030 and 2050 climate and energy targets, with 24% climate expenditure in the cohesion policy funds and around EUR 20 billion on sustainable energy expenditure. In addition, the 2014-2020 cohesion policy programmes invested in a wide range of areas that contribute to growth and jobs in all EU regions, including coal regions. In this respect, Member States and regions also used the funds at their disposal to contribute to the Coal Regions in Transition initiative, launched by the Commission in 2017 as part of the Clean energy for all Europeans package. In addition, the EU also supports the transition of coal regions through employment, skills and social policies in line with the European Pillar of Social Rights, for instance through legislative and non-legislative initiatives, such as the Council Recommendation on ensuring a fair transition towards climate neutrality (unanimously adopted by EPSCO³ ministers on 16 June 2022).

³ Employment, Social Policy, Health and Consumer Affairs Council configuration

However, the ‘socio-economic and energy transition’ of coal regions was not a specific goal of the legal framework underpinning the 2014-2020 cohesion policy funds, and Member States had no obligation to treat coal regions in a particular way when the 2014-2020 were negotiated.

46. The JTF proposal was in line with the results of public consultation on the EU long-term budget post 2020 in the area of cohesion and the impact assessment which was conducted for the purposes of the regulation for the ERDF and CF. The proposal reflected the expectations of the other EU institutions – the European Parliament, the Committee of the Regions and the European Council, who all called for addressing impacts on workers and communities affected by the transition to a climate-neutral economy for a socially fair and just transition in the implementation of the Paris Agreement. The assessment of the funding needs also covered in the Commission’s Staff Working Document ‘Identifying Europe’s Recovery Needs’, published as part of the revised MFF proposal.

47. The TJTPs pertain to the 2021-2027 programming period. The Commission stresses that their approval is conditioned by a clear outline of the transition process towards a climate-neutral economy at national level, and its impact at the level of the territory.

In response to the hardships and global energy market disruption caused by Russia's invasion of Ukraine, the European Commission presented the REPowerEU Plan. REPowerEU is a plan for saving energy, producing clean energy and diversifying Europe’s energy supplies. In the context of the REPowerEU Communication, the Commission acknowledged that Member States might need to use coal for a longer period to rapidly reduce dependence on Russian fossil fuels and increase Europe’s energy independence from unreliable suppliers and volatile fossil fuels, while accelerating the clean energy transition and increasing the resilience of the EU-wide energy system. While acknowledging necessary short-term measures, REPowerEU calls for a strong acceleration of the uptake of renewables as a way to cut imports quickly while delivering on 2030 and 2050 energy and climate goals.

52. Most Member States have or plan to phase out coal mining before phasing out coal power plants because coal mining has more negative environmental impacts and is not cost efficient. The phase out of coal power plants is planned in most Member States but in a more gradual way, which is why coal imports will have to substitute local coal for some time.

CONCLUSIONS AND RECOMMENDATIONS (Paragraphs 57-63)

Commission replies:

57. The 2014-2020 cohesion policy legal basis did not contain any specific objectives as regards support for the energy transition of coal regions and, more generally, did not include any specific provision for coal regions. Member States had no obligation to treat coal regions in a particular way when the 2014-2020 programmes were negotiated. In addition, Member States have the right to define their energy mix and thus the share of fossil fuels, as long as they comply with their legal obligations.

58. Data on participation of coal workers being laid-off to EU-funded training courses was lacking because there was no legal requirement to collect data on participation for this specific group (data on participation is otherwise available).

60. While ERDF investments are associated with job creation, the ESF is the main EU instrument to support people's employment opportunities and skills. Public funding has a fundamental role in triggering energy savings across the EU in line with the EU targets and it is a key driving force to scale up and leverage investments in energy efficiency.

61. The JTF proposal was in line with the results of public consultation on the EU long-term budget post 2020 in the area of cohesion and the impact assessment which was conducted for the purposes of the regulation for the ERDF and CF. The proposal reflected the expectations of the other EU institutions – the European Parliament, the Committee of the Regions and the Council of the European Union, who all called for addressing impacts on workers and communities affected by the transition to a climate-neutral economy for a socially fair and just transition in the implementation of the Paris Agreement.

The programming of the JTF takes the need of coal, peat and oil shale regions as well as carbon-intensive regions fully into account.

Recommendation 1 – Check that the Just Transition Fund is used effectively and efficiently to alleviate the socio-economic impact of the transition to climate-neutrality in coal and carbon-intensive regions

The Commission accepts the recommendation.

Recommendation 2 – Share good practices for measuring and managing methane emissions

The Commission accepts the recommendation.

The content of the future Regulation depends on the outcome of the legislative procedure and is the result of a decision made by the EU Legislator with respect to the proposal made by the Commission.