

EuroACE Feedback on Just Transition Fund

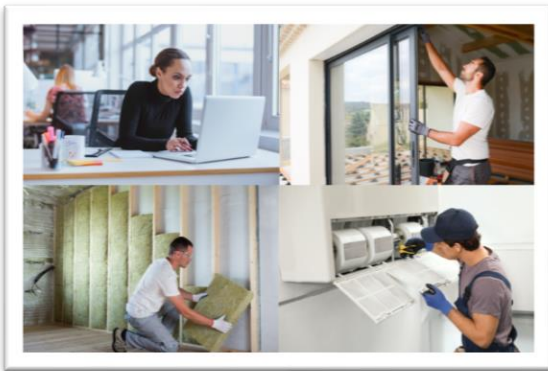
Following the publication of the Just Transition Fund (JTF) Regulation on 14th January, the Commission is seeking stakeholder feedback on this proposal until 12th March. This Paper sets out the EuroACE position on the matter.

1. Matching financing with our ambition

EuroACE welcomes the proposal for a Just Transition Fund, recognising that some areas in the EU are more in need than others. However, considering the level of actions needed, we cannot consider **€7.5bn/€7.8bn** of additional money over the next MFF period (2021-2030) as enough to match with our ambition. To reach the 2030 energy efficiency target of 32.5%, investments in the decade 2021-2030 need to be at around **€280bn every year**.

We reckon that the Just Transition Fund is only part of the picture, and that most investments will have to come from the private sector, but the **proposed amount is still very low**, if our aim is to help those territories and populations most in need to get on a path towards climate neutrality by 2050. We are calling the Commission and the two co-legislators to **match the spending volume with the legislative ambition**.

2. Prioritising people – renovating buildings



For EuroACE, investing for the European Green Deal means **investing in people**. In the energy efficiency sector, technologies are already available to considerably reduce our energy consumption. In the building sector, we can easily decrease the energy consumption by 80% at least by 2050, compared to 2005. What is needed now, is to **scale up quality existing programmes and replicate them in the territories which are most in need**. The JTF should be about **re-skilling, creating local quality jobs** as well as providing citizens with comfortable homes, so that they

can live in a healthy environment where the air is clean. We shouldn't forget that on average, Europeans spend 21-22 hours a day inside a building. All these benefits are clearly stemming from energy renovation of buildings, which could also be the basis of wider **urban regeneration or economic diversification programmes**.

Therefore, we welcome the inclusion in the JTF Regulation **Article 4** of investments in technical assistance as well as in energy efficiency, but this should be more specific. We believe that investments in **energy renovation of residential and commercial buildings should be explicitly included** in the scope of eligible investments. We notice that the pillar 3 of the Just Transition Mechanism mentions investments in energy efficiency, including building renovation. But this pillar 3 would only apply to public buildings, which is a tiny proportion of the building stock in the EU. Therefore, the JTF, which is the pillar 2 of the Just Transition Mechanism, should specify that energy renovation of private residential and commercial buildings is an eligible investment, to benefit a wide range of the European population.

Swift, strong and sustainable actions in energy efficient renovations will be key to attain climate neutrality by 2050, as buildings represent 36% of the EU GHG emissions, 40% of its energy consumption and 50% of all extracted material. The **buildings sector is the biggest contributor to reaching climate neutrality**, even more in CEE countries which will benefit greatly from the Just Transition Mechanism.

3. A strong governance framework to ensure implementation and take-up

A strong governance framework is needed to ensure that the Territorial Just Transition Plans (TJTP), which are drawn as a basis to get funding from the JTF, should be **thoroughly drafted, assessed and implemented**. It is crucial that Member States don't end up drawing TJTP which are merely recycled strategies on paper, or not more than a tick-the-box exercise. **Local and regional stakeholders should be involved** in the drafting process and regularly consulted on the TJTP – its development, approval, and implementation.



First, those **TJTP should be fully in line with the NECP but also the Long-Term Renovation Strategy (LTRS)**, developed as required by the Energy Performance of Buildings Directive (EPBD). The LTRS, which were due by 10th March, should already outline in every Member States, the segments and areas of the building stock which are the worst performing, the populations most at risk of energy poverty, as well the needs in terms of skills in the construction sector. This should facilitate the identification of key measures of the TJTP and **contribute to the implementation on the ground of the EPBD but also the upcoming Renovation Wave**.

Second, the **Just Transition Platform (JTP)**, which should help territories in drafting their TJTP and exchanging best practices, should be **strongly connected to the Advisory Hub of the European**

Investment Bank. Over the last years, the EIB has done a good work in providing technical assistance and advisory services to local authorities, notably on energy renovation of buildings – this experience should be leveraged. Overall, the approval of the TJTP by the Commission should consider the **complementarity with other sources of funding**, such as the EIB but also other EU funds or private investments.

Finally, in order to be consistent with other Cohesion Policy files, whose rules will be applied to the JTF, we believe that the JTF Annex III should include **output and result indicators linked to energy efficiency and building renovation**, in line with the ERDF/CF Annex I (e.g. RCO18 to 20a, and RCR26 to 30a).

For further information

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About EuroACE

EuroACE represents Europe's leading companies involved with the manufacture, distribution and installation of energy saving goods and services for buildings. EuroACE members employ around 200,000 people in these activities in Europe and have around 900 production facilities and office locations. The mission of EuroACE is to work together with the EU institutions to help Europe move towards a more efficient use of energy in buildings, thereby contributing to Europe's commitments on climate change, energy security and economic growth.

EuroACE Members (2020)

