Amendment 1

Proposal for a Regulation

Preamble

Text proposed by the Commission	***Amendment***
Having regard to the Treaty on the Functioning of the European Union, and in particular the third paragraph of Article 175 thereof, Having regard to the proposal from the European Commission, After transmission of the draft legislative act to the national parliaments, Having regard to the opinion of the European Economic and Social Committee, Having regard to the opinion of the Committee of the Regions, Acting in accordance with the ordinary legislative procedure,	Having regard to the Treaty on the Functioning of the European Union, and in particular the third paragraph of Article 175, **192 (1), 194 (1) and 194 (2)** thereof, Having regard to the proposal from the European Commission, After transmission of the draft legislative act to the national parliaments, Having regard to the opinion of the European Economic and Social Committee, Having regard to the opinion of the Committee of the Regions, Acting in accordance with the ordinary legislative procedure,

Justification

TFEU Article 192 (1) provides for action which supports Union objectives under TFEU Article 191 relating to the environment. The scope of the support of the just transition fund also includes actions relating to the environmental objectives, such as investment in regeneration and decontamination of sites, land restoration and repurposing projects (Article 4(2g). The just transition fund also supports regions to address the social and economic impacts of the transition towards a climate-neutral economy, including actions within the *scope of support that promote the deployment of renewable energy (Article 4 (2d)) and energy efficiency (Article 4 2(g)), therefore it is relevant to also to refer to TFEU Article 194.*

Amendment 2

Proposal for a Regulation

Preamble

Text proposed by the Commission	*Amendment*
(7) The resources from the JTF should complement the resources available under cohesion policy	(7) The resources from the JTF ***cannot deliver the transition to climate neutrality on its own. The JTF*** should ***therefore be*** complement***ed by*** the resources available under ***other funds, including*** cohesion policy ***which should be deployed in alignment with and supporting the objectives of a just transition to climate neutrality for all. Furthermore, investments made should be additional to those that would have been undertaken in the absence of the JTF.***

Justification

The Just Transition Fund's scope is to provide support to territories facing serious socio-economic challenges deriving from the transition process towards a climate-neutral economy of the Union by 2050. It is intended to support the transition, playing a key role to tune employment needs in line with EU's climate targets. It should therefore prioritise investments that support communities and people to adapt as a priority. Due to the need for complementarity with other funds and to ensure the fund adds European value, all investments should be additional to those that would be supported through other public and private financial sources.

Amendment 3

Proposal for a Regulation

Preamble

Text proposed by the Commission	*Amendment*
(10) This Regulation identifies types of investments for which expenditure may be supported by the JTF. All supported activities should be pursued in full respect of the climate and environmental priorities of the Union. The list of investments should ***~~include~~*** those that support local economies	(10) This Regulation identifies types of investments for which expenditure may be supported by the JTF. All supported activities should be pursued in full respect of the climate and environmental priorities of the Union. The list of investments should ***prioritise*** those that support ***people, communities and*** local

and are sustainable in the long-term, taking into account all the objectives of the Green Deal. The projects financed should contribute to a transition to a climate-neutral and circular economy. For declining sectors, such as energy production based on coal, lignite, peat and oil shale or extraction activities for ~~***these solid***~~ fossil fuels, support should be linked to the phasing out of the activity and the corresponding reduction in the employment level. As regards transforming sectors with high greenhouse gas emission levels, support should promote new activities through the deployment of new technologies, new processes or products, leading to significant emission reduction, in line with the EU 2030 climate objectives and EU climate neutrality by 2050 while maintaining and enhancing employment and avoiding environmental degradation. Particular attention should also be given to activities enhancing innovation and research in advanced and sustainable technologies, as well as in the fields of digitalisation and connectivity, provided that such measures help mitigate the negative side effects of a transition towards, and contribute to, a climate-neutral and circular economy.	economies and are sustainable in the ***medium and*** long-term, taking into account all the objectives of the Green Deal. The projects financed should contribute to a transition to a climate-neutral, ***pollution-free*** and circular economy ***by 2040***. For declining sectors, such as energy production based on coal, lignite, peat, ***gas, oil*** and oil shale or extraction activities for fossil fuels, support should be linked to the phasing out of the activity and the corresponding reduction in the employment level. ***For farming sectors and regions with high greenhouse gas emission levels, support should focus on assisting farmers in their transition such as from intensive animal based to plant based protein production.*** As regards transforming sectors with high greenhouse gas emission levels, support should promote new activities through the deployment of new technologies, new processes or products, leading to significant emission reduction, in line with the EU 2030 climate objectives and EU climate neutrality ***adopted objective*** by 2050 while maintaining and enhancing employment and avoiding environmental degradation. Particular attention should also be given to ***applying the polluter pays principle, the energy efficiency first principle and to supporting*** activities ***which maximise community benefits, such as support to renewable energy communities and renewable energy self-consumers, as well as those*** enhancing innovation and research in advanced and sustainable technologies, as well as in the fields of digitalisation and connectivity, provided that such measures ***enhance the creation of green and sustainable jobs,*** help mitigate the negative side effects of a transition towards, ***accelerate*** and contribute to, a climate-neutral and circular economy ***by 2040***.

Justification

The transition to climate neutrality requires the phasing out of all fossil fuels from the power sector and most, if not all other applications. Regions whose economies are based on oil and gas will also need assistance in the transition within the next financial period.

Investments should furthermore place social fairness and the wellbeing of people and communities at their heart to ensure a just transition. This means applying the polluter pays principle, the energy efficiency first principle (e.g. by investing in massive building renovation, as for the Renovation Wave Initiative) and recognising the value of investing in community-based solutions such as the development of local majority-owned renewable energy communities or renewable energy self-consumers (as defined in the Renewable Energy Directive 2018/2001), in partnership with the local community.

Amendment 4

Proposal for a Regulation

Preamble

Text proposed by the Commission	*Amendment*
(12) In order to enhance the economic diversification of territories impacted by the transition, the JTF should provide support to productive investment in SMEs. Productive investment should be understood as investment in fixed capital or immaterial assets of enterprises in view of producing goods and services thereby contributing to gross-capital formation and employment. For enterprises other than SMEs, productive investments should only be supported if they are necessary for mitigating job losses resulting from the transition, by creating or protecting a significant number of jobs and they do not lead to or result from relocation. ***Investments in existing industrial facilities, including those covered by the Union Emissions Trading System, should be allowed if they contribute to the transition to a climate-neutral economy by 2050 and go substantially below the relevant benchmarks established for free allocation under Directive 2003/87/EC of the European Parliament and of the Council and if they result in the protection of a significant number of jobs.*** Any such investment should be	(12) In order to enhance the economic diversification of territories impacted by the transition, the JTF should provide support to productive investment in SMEs. Productive investment should be understood as investment in fixed capital or immaterial assets of enterprises in view of producing goods and services thereby contributing to gross-capital formation and employment. For enterprises other than SMEs, productive investments should only be supported if they are necessary for mitigating job losses resulting from the transition, by creating or protecting a significant number of jobs and they do not lead to or result from relocation. Any such investment should be justified accordingly in the relevant territorial just transition plan***, should be sustainable and should be consistent with the polluter pays principle and the energy efficiency first principle. Consistent with the Regulation and exclusions from the scope, these investments should not be made in fossil fuel installations.*** In order to protect the integrity of the internal market and cohesion policy, support to undertakings should comply with Union

justified accordingly in the relevant territorial just transition plan. In order to protect the integrity of the internal market and cohesion policy, support to undertakings should comply with Union State aid rules as set out in Articles 107 and 108 TFEU and, in particular, support to productive investments by enterprises other than SMEs should be limited to enterprises located in areas designated as assisted areas for the purposes of points (a) and (c) of Article 107(3) TFEU.	State aid rules as set out in Articles 107 and 108 TFEU and, in particular, support to productive investments by enterprises other than SMEs should be limited to enterprises located in areas designated as assisted areas for the purposes of points (a) and (c) of Article 107(3) TFEU.

Justification

Energy Efficiency measures should be considered first in all options for investing in a just transition. This is because energy saving and improving energy efficiency provide no-regret, direct solutions to the transition at lowest cost. They are also amongst the most effective measures in reducing energy poverty. The implementation of the polluter pays principle is equally important, since it facilitates fair cost-sharing and will provide additional funds from private sources for remediating environmental damages in the most impacted areas,

Investment in fossil fuels, including the 'incremental improvement' of the emission-performance of existing installations is inconsistent with a just transition, as it raises the overall costs of a transition by blocking investments which would allow regions to 'leap-forward' towards full climate neutrality. It also reinforces the lock-in of fossil fuel infrastructure and is illogical when considered in the context of the objective of the transition funds to support the transition from fossil fuels and towards climate neutrality. This exclusion should apply to carbon capture and storage projects, as no CCS project is near achieving 100% emissions reductions and the rate of emissions capture is even lower in commercial projects.

Finally, safeguards should be put in place to ensure that all investments in large enterprises or existing installations are additional.

Amendment 5

Proposal for a Regulation

Preamble

Text proposed by the Commission	***Amendment***
(14) The JTF support should be conditional on the effective implementation of a transition process in a specific territory in order to achieve a climate-neutral economy. In that regard, Member States should prepare, in	(14) The JTF support should be conditional on the effective ***and measurable*** implementation of a transition process in a specific territory in order to achieve a climate-neutral economy ***by 2040.*** In that regard,

cooperation with the relevant stakeholders and supported by the Commission, territorial just transition plans, detailing the transition process, consistently with their National Energy and Climate Plans. To this end, the Commission should set up a Just Transition Platform, which would build on the existing platform for coal regions in transition to enable bilateral and multilateral exchanges of experience on lessons learnt and best practices across all affected sectors.	Member States should prepare, in cooperation with the relevant stakeholders and supported by the Commission, territorial just transition plans, detailing the transition process, consistently ***and possibly going further than*** with their National Energy and Climate Plans. To this end, the Commission should set up a Just Transition Platform, which would build on the existing platform for coal regions in transition to enable bilateral and multilateral exchanges of experience on lessons learnt and best practices across all affected sectors.

Justification

The EU has committed to attaining climate neutrality. The Just Transition Mechanism should incentivise ambition in order to assist regions to embrace first-mover advantage in the transition and to avoid a longer and more costly-transition, for instance by ensuring the phase out of coal-based energy generation by 2030. It should also encourage and allow regions to go beyond national commitments where they have ambitions to do so, in order to increase the speed and benefits of the transition.

Amendment 6

Proposal for a Regulation

Article 2
Specific objective

Text proposed by the Commission	***Amendment***
In accordance with the second subparagraph of Article [4(1)] of Regulation (EU) [new CPR], the JTF shall contribute to the single specific objective ‘enabling regions and people to address the social, economic and environmental impacts of the transition towards a climate-neutral economy’.	In accordance with the second subparagraph of Article [4(1)] of Regulation (EU) [new CPR], the JTF shall contribute to the single specific objective ‘enabling regions and people to address the social, economic and environmental impacts of the transition towards ***attainment of ambitious EU targets for greenhouse gas emission reduction for 2030, a climate neutral economy by 2040 – and consistent with Commission Proposal [2020/…] the EU Climate Law***

Justification

The EU has committed to attaining climate neutrality. The Just Transition Mechanism should incentivise ambition in order to assist regions to embrace first-mover advantage in the transition and to avoid a longer and more costly-transition.

Moreover, as supported by the IPCC reports, only by limiting global heating to less than 1.5℃, with no-overshoot, will we succeed in averting the worst impacts (and most costly-impacts) of climate change. For consistency with the Paris Agreement and a trajectory of limiting global heating to no more than 1.5℃, climate neutrality should in fact be achieved in Europe by 2040.

Amendment 7

Proposal for a Regulation

Article 3

Text proposed by the Commission	*Amendment*
1. The JTF shall support the Investment for jobs and growth goal in all Member States. 2. The resources for the JTF under the Investment for jobs and growth goal available for budgetary commitment for the period 2021-2027 shall be EUR 7.5 billion in 2018 prices, which may be increased, as the case may be, by additional resources allocated in the Union budget, and by other resources in accordance with the applicable basic act. For the purposes of programming and subsequent inclusion in the Union budget, the amount referred to in the first subparagraph shall be indexed at 2% per year. 0.35% of the amount referred to in the first subparagraph shall be allocated to technical assistance at the initiative of the Commission. 3. The Commission shall adopt a decision by means of an implementing act setting out the annual breakdown of resources, including any additional resources referred to in paragraph 2, by Member State in accordance with the methodology set out in Annex	**1.** The JTF shall support the Investment for jobs and growth goal in all Member States ***in consistency with the EU objective to achieve climate-neutrality by 2040 while ensuring a Just Transition for all.*** 2. The resources for the JTF under the Investment for jobs and growth goal available for budgetary commitment for the period 2021-2027 shall be EUR 7.5 billion in 2018 prices, which may be increased, as the case may be, by additional resources allocated in the Union budget, and by other resources in accordance with the applicable basic act. For the purposes of programming and subsequent inclusion in the Union budget, the amount referred to in the first subparagraph shall be indexed at 2% per year. 0.35% of the amount referred to in the first subparagraph shall be allocated to technical assistance at the initiative of the Commission. 3. The Commission shall adopt a decision by means of an

I. 4. By way of derogation from Article [21a] of Regulation (EU) [new CPR], any additional resources referred to in paragraph 2, allocated to the JTF in the Union budget or provided by other resources shall not require complementary support from the ERDF or the ESF+.	implementing act setting out the annual breakdown of resources, including any additional resources referred to in paragraph 2, by Member State in accordance with the methodology set out in Annex I. 4. By way of derogation from Article [21a] of Regulation (EU) [new CPR], any additional resources referred to in paragraph 2, allocated to the JTF in the Union budget or provided by other resources shall not require complementary support from the ERDF or the ESF+.

Justification

Simply supporting growth and jobs is not enough to ensure a just transition to climate neutrality. Poorly executed and without a clear direction and the EU climate neutrality objective in mind, it could actually jeopardise the EU goal for climate neutrality and exacerbate inequalities, leaving the most vulnerable behind.

For consistency with a trajectory limiting global heating to no more than 1.5°C, climate neutrality should in fact be achieved in Europe by 2040.

Amendment 8

Proposal for a Regulation

Article 3a (new)

Text proposed by the Commission	*Amendment*
3. The Commission shall adopt a decision by means of an implementing act setting out the annual breakdown of resources, including any additional resources referred to in paragraph 2, by Member State in accordance with the methodology set out in Annex I.	3. The Commission shall adopt a decision by means of an implementing act setting out the annual breakdown of resources, including any additional resources referred to in paragraph 2, by Member State in accordance with the methodology set out in Annex I. ***a)If a Member State makes new fossil fuel investments within the eligible region, year allocations for that region within the Member State will be redistributed by the Commission to other Member States according to the allocation criteria set out***

	Annex I but excluding the Member State concerned ***b) If a Member State invests funds in a fos fuel facility without a complete plan for ending fossil fuel use in that facility, the yearly funds allocated in relation to the facility should be repaid and redistributed within the Member State concerned for oth projects in line with the Territorial Just Transition Plans***

Justification

Member States who have in place ambitious plans for phasing out fossil fuels should be rewarded in order to incentivise ambition and to facilitate the just transition fund to support the transition most effectively. Where a transition towards climate neutrality is not taking place, there should be no funds to support a transition in order to support the integrity of public spending and EU funding.

Amendment 9

Proposal for a Regulation

Article 4

Text proposed by the Commission	***Amendment***
2. In accordance with paragraph 1, the JTF shall exclusively support the following activities: (a) productive investments in SMEs, including start-ups, leading to economic diversification and reconversion; (b) investments in the creation of new firms, including through business incubators and consulting services; (c) investments in research and innovation activities and fostering the transfer of advanced technologies; (d) investments in the deployment of technology and infrastructures for affordable	2. In accordance with paragraph 1, the JTF shall exclusively support the following activities. ***No activity shall substantially harm the environmental objectives of the Sustainable Finance Taxonomy. Where activities refer to environmental sustainability they shall meet the technical screening criteria of (or: be eligible under) the EU taxonomy, , without prejudice to Article 5(a) to (f) of this Regulation:*** (a) productive ***and sustainable*** investments in SMEs, including start-ups, leading to ***decent and sustainable job creation,*** economic diversification and reconversion; (b) investments in the creation of new firms, ***in sustainable***

clean energy, in greenhouse gas emission reduction, energy efficiency ***and renewable energy;*** (e) investments in digitalisation and digital connectivity; (f) investments in regeneration and decontamination of sites, land restoration and repurposing projects; (g) investments in enhancing the circular economy, ***including*** through waste prevention, reduction, resource efficiency, reuse, repair and recycling; (h) upskilling and reskilling of workers; (i) job-search assistance to jobseekers; (j) active inclusion of jobseekers; (k) technical assistance. Additionally, the JTF may support, in areas designated as assisted areas in accordance with points (a) and (c) of Article 107(3) of the TFEU, productive investments in enterprises other than SMEs, provided that such investments have been approved as part of the territorial just transition plan based on the information required under point (h) of Article 7(2). Such investments shall only be eligible where they are necessary for the implementation of the territorial just transition plan. ***JTF may also support investments to achieve the reduction of greenhouse gas emissions from activities listed in Annex I to Directive 2003/87/EC of the European Parliament and of the Council provided that such investments have been approved as part of the territorial just transition plan based on the information required under point (i) of Article 7(2). Such investments shall only be eligible where they are necessary for the***	***sectors*** including through business incubators and consulting services; (c) investments in ***sustainable*** research and innovation activities and fostering the transfer of ***sustainable*** advanced zero-emission technologies, ***provided they do not rely on fossil fuel***s; (d) investments in the deployment of technology and infrastructures for affordable, ***renewable*** and ***sustainable*** energy, in greenhouse gas emission reduction, energy efficiency ***(da) targeted energy efficiency measures*** (e) investments in digitalisation and digital connectivity; (f) investments in regeneration and decontamination of sites, land restoration and repurposing projects, ***restoration of degraded ecosystems and nature-based climate mitigation and adaptation projects, ensuring respect for the polluter pays principle*;** (g) investments in enhancing the circular economy, through waste prevention, reduction, resource efficiency, reuse, repair and recycling; (h) upskilling and reskilling of workers; (i) job-search assistance to jobseekers; (j) active inclusion of jobseekers; (k) technical assistance. The JTF may support, in areas designated as assisted areas in accordance with points (a) and (c) of

implementation of the territorial just transition plan.	Article 107(3) of the TFEU ***and in compliance with Union State aid rules as set out in Articles 107 and 108 TFEU***, productive investments in enterprises other than SMEs, provided that such investments have been approved as part of the territorial just transition plan based on the information required under point (h) of Article 7(2). Such investments shall only be eligible where they are necessary for the implementation of the territorial just transition plan, ***shall be sustainable and cannot increase or maintain dependency on fossil fuels, nor lead to unsustainable use of biomass or any use of food crops for energy generation purposes. All such investments shall be additional and other investment avenues should first be sought.***

Justification

The EU has committed to attaining climate neutrality. The Just Transition Mechanism should incentivise ambition in order to assist regions to embrace first-mover advantage in the transition and to avoid a longer and more costly-transition.

Investment in fossil fuels, including the 'incremental improvement' of installation emission-performance is inconsistent with a just transition, as it raises the overall costs of a transition by blocking investments which would allow regions to 'leap-forward' towards full climate neutrality. It also reinforces the lock-in of fossil fuel infrastructure and is illogical when considered in the context that the objective of the transition funds is to support the transition from fossil fuels and towards climate neutrality and a pollution-free economy. This should include carbon capture and storage projects, as no CCS project is near achieving 100% emissions reductions and the rate of emissions capture is even lower in commercial projects.

The EU Sustainable Finance Taxonomy provides a reference framework for assessing whether investments are sustainable and as such should be applied as a standard to any investment under the Just Transition Fund, without prejudice to the investments that are excluded from the scope of the Regulation in Article 5.

Due to the need for complementarity with other funds and to ensure the fund adds European value, all investments should be additional to those that would be supported through other public and private financial sources.

Amendment 10

Article 5

Proposal for a Regulation

Text proposed by the Commission	*Amendment*
5. The JTF shall not support: (a) the decommissioning or the construction of nuclear power stations; (b) the manufacturing, processing and marketing of tobacco and tobacco products; (c) undertakings in difficulty, as defined in Article 2(18) of Commission Regulation (EU) No 651/201416; (d) investment related to the production, processing, distribution, storage or combustion of fossil fuels; (e) investment in broadband infrastructure in areas in which there are at least two broadband networks of equivalent category.	5. The JTF shall not support: (a) the decommissioning, the construction ***or any other form of investment in*** of nuclear power stations; (b) the manufacturing, processing and marketing of tobacco and tobacco products; (c) undertakings in difficulty, as defined in Article 2(18) of Commission Regulation (EU) No 651/201416; (d) investment related to the production, processing, distribution, storage***, transport*** or combustion of fossil fuels; (e) investment in broadband infrastructure in areas in which there are at least two broadband networks of equivalent category. ***(f) investment in residual waste treatment facilities*** ***Furthermore, no support shall be granted to operations where new fossil fuel extraction activities, or of peat production fields, including the re-opening of a temporarily decommissioned extraction facility are scheduled in the NUTS 2 region in which the territory falls, during the duration of the programme***

Justification

The Just Transition Fund should not support investments in any stage of the fossil fuel lifecycle. Investment in fossil fuels is inconsistent with a just transition, as it raises the overall costs of a transition by blocking investments which would allow regions to 'leap-forward' towards full climate neutrality. It also reinforces the lock-in of fossil fuel infrastructure and is illogical when considered in the context of the objective of the transition funds to support the transition from fossil fuels and towards climate neutrality and a pollution-free economy.

Investments in nuclear energy do not create a high relative number of jobs and are not consistent with the do no harm principle. Moreover, the decommissioning and other investment in nuclear installations falls under the Euratom Treaty and therefore cannot be included here.

Amendment 11

Proposal for a Regulation

Article 6 - paragraph 1 - sub-paragraph 2

Text proposed by the Commission	*Amendment*
The Commission shall only approve a programme where the identification of the territories most negatively affected by the transition process, contained within the relevant territorial just transition plan, is duly justified and the relevant territorial just transition plan is consistent with the National Energy and Climate Plan of the Member State concerned.	The Commission shall only approve a programme where the identification of the territories most negatively affected by the transition process, contained within the relevant territorial just transition plan, is duly justified and the relevant territorial just transition plan is consistent with the National Energy and Climate Plan of the Member State concerned ***For those Member States which have not yet adopted a Long Term Strategy setting a climate neutrality target at least or before 2050, the Commission shall release only 50% of their national allocation and make the remaining 50% available once they have adopted that target.***

Justification

Setting a clear timeline is an essential prerequisite for planning and ensuring a just transition. Without a clear commitment to climate neutrality, in line with the goals of the Paris Agreement, whoever, there is a high risk that efforts may still be made to reinforce the status quo, or to delay the transition - counter to the interests of ensuring a just transition and economic diversification.

If a Member State does not commit to the transition, it should not receive funds to support the transition as the risk of fund abuse or inefficiency is increased due to a lack of direction.

Amendment 11

Proposal for a Regulation

Article 7

Text proposed by the Commission	*Amendment*
2. A territorial just transition plan shall contain the following elements:	2. A territorial just transition plan shall contain the following elements:

(a) a description of the transition process at national level towards a climate-neutral economy, including a timeline for key transition steps which are consistent with the latest version of the National Energy and Climate Plan (‘NECP’); …	(a) description of the transition process at national level towards a climate-neutral economy ***by 2040,*** including a ***detailed and precise*** timeline for key transition steps***; such as decommissioning of fossil fuel installations and overall phase-out dates, including where coal is used, a coal phase-out by 2030;*** which are consistent with the ***objectives*** of the National Energy and Climate Plan (‘NECP’) ***and with the EU Climate Law [2020/...]***;

Justification

Setting a clear timeline is an essential prerequisite for planning and ensuring a just transition. Without a clear commitment to climate neutrality, in line with the goals of the Paris Agreement, whoever, there is a high risk that efforts may still be made to reinforce the status quo, or to delay the transition - counter to the interests of ensuring a just transition and economic diversification.

A binding and ambitious phase-out date for coal provides certainty to investors; avoiding the creation of stranded assets and therefore lowering the overall costs of the transition. It provides a clear direction for the transition and therefore aids planning, while also obliging stakeholders to engage in the transition process.

If a Member State does not commit to the transition, it should not receive funds to support the transition as the risk of fund abuse or inefficiency is increased due to a lack of direction.

Moreover, as supported by the IPCC reports, only by limiting global heating to less than 1.5℃, with no-overshoot, will we succeed in averting the worst impacts (and most costly-impacts) of climate change. For consistency with the Paris Agreement and a trajectory of limiting global heating to no more than 1.5℃, climate neutrality should in fact be achieved in Europe by 2040.

Amendment 13

Proposal for a Regulation

Article 7

Text proposed by the Commission	***Amendment***
2. (c) an assessment of the transition challenges faced by the most negatively affected territories, including the social, economic, and environmental impact of the transition to a climate-neutral	2. (c) an assessment of the transition challenges faced by the most negatively affected territories, including the social, economic, and environmental impact of the transition to a climate-neutral and

economy, identifying the potential number of affected jobs and job losses, the development needs and objectives, to be reached by 2030 linked to the ***transformation or*** closure of greenhouse gas-intensive activities in those territories;	pollution-free economy, identifying the potential number of affected jobs and job losses, the development needs and objectives, to be reached by 2030 linked to the ***transformation of energy and carbon intensive industry and agriculture consistent with achieving climate neutrality in line with an objective of limiting global heating to 1.5 degrees C , with the transition away from fossil fuel use and the*** closure of greenhouse gas-intensive activities in those territories;

Justification

It is vital that a clear direction is set by the transition plan and in this context, it must be clear that the transition is away from the use of fossil fuels in both the power sector or industry, in line with the achievement of the objectives and goals of the Paris Agreement.

Amendment 14

Proposal for a Regulation

Article 7

Text proposed by the Commission	***Amendment***
	5. The territorial just transition plans shall exclude any investment in fossil fuel infrastructure.

Justification

Investment in fossil fuels, including the 'incremental improvement' of installation emission-performance is inconsistent with a just transition, as it raises the overall costs of a transition by blocking investments which would allow regions to 'leap-forward' towards full climate neutrality. It also reinforces the lock-in of fossil fuel infrastructure and is illogical when considered in the context that the objective of the transition funds is to support the transition from fossil fuels and towards climate neutrality.

It is pivotal such an exclusion includes natural gas, as this cannot be considered a transition fuel once the time to recuperate investment costs is considered and when the lifetime emissions (including leaked methane) is taken into account.

This exclusion should also apply to carbon capture and storage projects, as no CCS project is near achieving 100% emissions reductions and the rate of emissions capture is even lower in commercial projects.

Amendment 15

Proposal for a Regulation

Article 8

Text proposed by the Commission	*Amendment*
4. Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making.	4. Before adopting a delegated act, the Commission shall consult experts designated by each Member State ***and conduct stakeholder consultation*** in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making.

Justification

The Inter-Institutional Agreement on Better Law-Making states in para. 6: "The preparation and drawing-up of delegated acts may also include consultations with stakeholders." Because of the may, it is perhaps useful to specify this here.

Amendment 16

Proposal for a Regulation

Annex I

ALLOCATION METHOD FOR RESOURCES OF THE JUST TRANSITION FUND

Text proposed by the Commission	*Amendment*
For each Member State, the financial envelope is determined in accordance with the following steps:	For each Member State, the financial envelope is determined in accordance with the following steps:
(a) the share of each Member State is calculated as the weighted sum of the shares determined on the basis of the following criteria, weighted as indicated:	(a) the share of each Member State is calculated as the weighted sum of the shares determined on the basis of the following criteria, weighted as indicated:
(i) greenhouse-gas emissions of industrial facilities in NUTS level 2 regions where the carbon intensity, as defined by the ratio of greenhouse gas emissions of industrial facilities as reported by Member States in accordance with Article 7 of Regulation (EC) No 166/2006 of the European Parliament and of the Council28 compared to the gross value added of the industry, exceeds by a factor of two the EU-27 average. Where that level is not exceeded in any NUTS level 2 regions in a given Member State, greenhouse-gas emissions of industrial facilites in the NUTS level 2 region with the highest carbon intensity is taken into account (weighting **49%)**,	(i) greenhouse-gas emissions of industrial facilities in NUTS level 2 regions where the carbon intensity, as defined by the ratio of greenhouse gas emissions of industrial facilities as reported by Member States in accordance with Article 7 of Regulation (EC) No 166/2006 of the European Parliament and of the Council28 compared to the gross value added of the industry, exceeds by a factor of two the EU-27 average. Where that level is not exceeded in any NUTS level 2 regions in a given Member State, greenhouse-gas emissions of industrial facilities in the NUTS level 2 region with the highest carbon intensity is taken into account (weighting **35%**),
(ii) employment in mining of coal and lignite (weighting **25%**),	(ii) employment in mining of coal and lignite (weighting **20%**),
	(iii) An ambitious phase out of lignite and coal mining at or before 2030, proportional to the number of remaining mines and power plants (weighting 10%)
(iii) employment in industry in the NUTS level 2 regions taken into account for the purposes of point (i) (weighting 25%), (iv) production of peat (weighting 0,95%), (v) production of oil shale (weighting 0,05%);	**(iv)** employment in industry in the NUTS level 2 regions taken into account for the purposes of point (i) (weighting ***20%***), **(v)** production of peat (weighting 0,95%), **(vi)** production of oil shale (weighting 0,05%);
	(vii) the percentage by which Member States commit to reducing their greenhouse gas emissions, as reflected in the respective 2030 National Energy and Climate Plans (weighting 14%)
(b) the allocations resulting from the application of point (a) are adjusted to ensure that no Member State receives an amount exceeding EUR 2 billion. The amounts exceeding EUR 2 billion per Member State are redistributed proportionally to the allocations of all other Member States. The Member States shares are recalculated accordingly;	
(c) the Member State shares resulting from the application of point (b) are adjusted negatively or positively by a coefficient of	

1.5 times of the difference by which that Member State's GNI per capita (measured in purchasing power parities) for the period 2015-2017 exceeds or falls below the average GNI per capita of the EU-27 Member States (average expressed as 100%); This adjustment does not apply to Member States for which the allocation has been capped in accordance with point (b). (d) the allocations resulting from the application of point (c) are adjusted to ensure that the final allocation from the JTF results in a per capita aid intensity (measured on the basis of the entire population of the Member State) of at least EUR 6 over the entire period. The amounts to ensure the minimum aid intensity are deducted proportionnally from the allocations of all the other Member States, except those for which the allocation has been capped in accordance with point (b). The allocation of the Just Transition Fund is additional to the allocation resulting from paragraphs 1 to 16 of Annex XXII of [new CPR proposal] and is not included in the allocation basis to which points 10 to 15 of Annex XXII of the [new CPR proposal] are applied.	(b) the allocations resulting from the application of point (a) are adjusted to ensure that no Member State receives an amount exceeding EUR 2 billion. The amounts exceeding EUR 2 billion per Member State are redistributed proportionally to the allocations of all other Member States. The Member States shares are recalculated accordingly; (c) the Member State shares resulting from the application of point (b) are adjusted negatively or positively by a coefficient of 1.5 times of the difference by which that Member State's GNI per capita (measured in purchasing power parities) for the period 2015-2017 exceeds or falls below the average GNI per capita of the EU-27 Member States (average expressed as 100%); This adjustment does not apply to Member States for which the allocation has been capped in accordance with point (b). (d) the allocations resulting from the application of point (c) are adjusted to ensure that the final allocation from the JTF results in a per capita aid intensity (measured on the basis of the entire population of the Member State) of at least EUR 6 over the entire period. The amounts to ensure the minimum aid intensity are deducted proportionally from the allocations of all the other Member States, except those for which the allocation has been capped in accordance with point (b). The allocation of the Just Transition Fund is additional to the allocation resulting from paragraphs 1 to 16 of Annex XXII of [new CPR proposal] and is not included in the allocation basis to which points 10 to 15 of Annex XXII of the [new CPR proposal] are applied.

Justification

Clear timelines are an essential prerequisite for planning and ensuring a just transition. Without a clear commitment to climate neutrality, in line with the goals of the Paris Agreement, *there is a high risk that efforts may still be made to reinforce the status quo, or to delay the transition - counter to the interests of ensuring a just transition and economic diversification.*

A binding and ambitious phase-out date for coal power plants provides certainty to investors; avoiding the creation of stranded assets and therefore lowering the overall costs of the transition. It provides a clear direction for the transition and therefore aids planning, while also obliging stakeholders to engage in the transition process. The same is true for measures to improve energy efficiency and emissions performance.

A phase out date by 2030 is consistent with the Paris Agreement goal to keep temperatures below an increase of 1.5°C and will therefore contribute to avoiding the most catastrophic impacts of climate change.

Member States who have in place ambitious plans for phasing out fossil fuels should be rewarded in order to incentivise ambition and to facilitate the just transition fund to support the transition most effectively. Moreover, where a transition towards climate neutrality is not taking place, there should be no funds to support a transition in order to support the integrity of public spending and EU funding.

Amendment 17

Proposal for a Regulation

Annex II

1. Outline of the transition process and identification of the most negatively affected territories within the Member State

Text proposed by the Commission	***Amendment***
Reference: Article 7(2)(a)	Reference: Article 7(2)(a)
1.1. Outline of the expected transition process towards a climate-neutral economy, in line with the objectives of the National Energy and Climate Plans and other existing transition plans with a timeline for ceasing ***or scaling down*** activities such as coal and lignite mining ***or coal fired*** electricity production	1.1. Outline of the expected transition process towards a climate-neutral economy, in line with the objectives of the National Energy and Climate Plans and other existing transition plans with a timeline for ceasing activities such as ***all activities related*** **to** coal and lignite mining ***fossil fuels-based*** electricity production

Justification

It is vital that a clear direction is set by the transition plan and in this context, it must be clear that the transition is away from the use of fossil fuels in both the power sector or industry, in line with the objectives of the Paris Agreement.

Amendment 18

Proposal for a Regulation

Annex II

2. **Assessment of transition challenges, for each of the identified territory**

2.4. Types of operations envisaged

Text proposed by the Commission	*Amendment*
Reference: Article 7(2)(g) - types of operations envisaged and their expected contribution to alleviate the impact of the climate transition	*Reference: Article 7(2)(g)* - types of operations envisaged and their expected contribution to alleviate the impact of the climate transition ***and to be consistent with a just transition, these activities should be sustainable and must not include investment in fossil fuel-related activities.***

Justification

It is vital that a clear direction is set by the transition plan and in this context, it must be clear that the transition is away from the use of fossil fuels in both the power sector or industry, in line with the achievement of the objectives and goals of the Paris Agreement.

Investment in fossil fuels, including the 'incremental improvement' of the emission-performance of existing installations is inconsistent with a just transition, as it raises the overall costs of a transition by blocking investments which would allow regions to 'leap-forward' towards full climate neutrality. It also reinforces the lock-in of fossil fuel infrastructure and is illogical when considered in the context of the objective of the transition funds to support the transition from fossil fuels and towards climate neutrality. This exclusion should apply to carbon capture and storage projects, as no CCS project is near achieving 100% emissions reductions and the rate of emissions capture is even lower in commercial projects.

Amendment 19

Proposal for a Regulation

Annex II

1. **Assessment of transition challenges, for each of the identified territory**

2.4. Types of operations envisaged

Text proposed by the Commission	*Amendment*
Reference: Article 7(2)(i)*;*	Reference: Article 7(2)(i)*;*
To fill in only if support is provided to investments to achieve the reduction of greenhouse gas emissions from activities listed in Annex I to Directive 2003/87/EC:	To fill in only if support is provided to investments to achieve the reduction of greenhouse gas emissions from activities listed in Annex I to Directive 2003/87/EC:
- an exhaustive list of operations to be supported and a justification that they contribute to the transition to a climate-neutral economy and lead to substantial reductions in greenhouse gas emissions going below the relevant benchmarks used for free allocation under Directive 2003/87/EC and provided that they are necessary for the protection of a significant number of jobs.	- an exhaustive list of operations to be supported and a justification that they contribute to the transition to a climate-neutral economy and lead to substantial reductions in greenhouse gas emissions going ***substantially*** below the relevant benchmarks used for free allocation under Directive 2003/87/EC ***and leading to emissions of less than 100gCO_2/kW*****h** and provided that they are necessary for the protection of a significant number of jobs ***and are sustainable, avoiding any investment in fossil fuel-related activities****.* ***Evidence should also be* provided *that the investment is additional and would not occur without use of the Just Transition Fund.***

Justification

Investment in fossil fuels, including the 'incremental improvement' of the emission-performance of existing installations is inconsistent with a just transition, as it raises the overall costs of a transition by blocking investments which would allow regions to 'leap-forward' towards full climate neutrality. It also reinforces the lock-in of fossil fuel infrastructure and is illogical when considered in the context of the objective of the transition funds to support the transition from fossil fuels and towards climate neutrality. This exclusion should apply to carbon capture and storage projects, as no CCS project is near achieving 100% emissions reductions and the rate of emissions capture is even lower in commercial projects.

Finally, due to the need for complementarity with other funds and to ensure the fund adds European value, all investments should be additional to those that would be supported through other public and private financial sources.

Amendment 20

Proposal for a Regulation

Annex II

3.Governance mechanisms

Text proposed by the Commission	Amendment
Reference: Article 7(2)(f) - Arrangements for involvement of partners in the preparation, implementation, monitoring and evaluation of the territorial just transition plan; - Outcome of public consultation.	Reference: Article 7(2)(f) - Arrangements for involvement of partners in the preparation, implementation, monitoring and evaluation of the territorial just transition plan***, including which civil society organisations will be involved and how community representatives are consulted and engaged proactively in the programming process. Consultation and engagement should take place both before and after programming documents are developed***;"; - Outcome of public consultation ***and how the outcome of the public consultation has been taken into account in the final version of the plan***

Justification

The involvement of local stakeholders can determine whether the transition succeeds or whether it is delayed, resisted and derailed. If local stakeholders and communities are involved and engaged in the process of transition, they are more likely to buy into the strategies and will support their implementation. However, the capacity of actors at sub-regional levels to interact with EU processes is often limited, so tailored support will be needed to engage them fully in processes.

In its provisions for engaging stakeholders, the Just Transition Fund Regulation must therefore respond to the concerns expressed about the application of the code of conduct to partners expressed by the European Parliament in its resolution of 13 June 2017 on increasing engagement of partners and visibility in the performance of European Structural and Investment Funds and by other assessments, such as the Council of European Municipalities and Regions report 'Planning of EU Structural Funds: Is local government treated as a real partner?' Further steps and support must be provided to meaningfully engage all local stakeholders in the development of territorial just transition plans, reflecting that planning takes place at NUTS 3 level for the Just Transition Fund.