

SAYING ADIÓS TO COAL

LESSONS ON JUST
TRANSITION FROM SPAIN



ABOUT THIS BRIEFING

This briefing was issued by the Europe Beyond Coal campaign in December 2020.

Europe Beyond Coal is an alliance of civil society groups working to catalyse the closures of coal mines and power plants, to prevent the building of any new coal projects and hasten the just transition to clean, renewable energy and energy efficiency. Our groups are devoting their time, energy and resources to this independent campaign to make Europe coal free by 2030 or sooner.
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1. Introduction

Humanity is facing a climate emergency, as acknowledged by over 1,840 governmental bodies in 32 countries¹. One of the main contributors to climate change is the energy sector, and in large part, coal-fired power generation. In order to meet the objective of limiting global temperature rise to 1.5°C above pre-industrial levels, unabated coal-fired power generation globally must be phased-out completely before 2040². EU and OECD countries need to phase out coal by 2030³, earlier than the rest of the world.

Within the last few years, a significant number of countries and electricity companies across Europe have agreed to abandon the use of this fossil fuel as part of their energy and climate policies⁴. The EU has expressed the intention to be carbon neutral by 2050, yet it is not on track to achieve a Paris Agreement compatible coal phase-out⁵.

Coal was one of the main engines of the economic development of Europe after the Second World War. It was in a sense a driving force of what is today the European Union, as in 1951 the European Coal and Steel Community was established by the Treaty of Paris. Today we are well aware of the devastating effects of coal mining and coal burning on public health, the environment and the global climate, contributing to air and water pollution, damaging ecosystems and destroying villages and productive agricultural land.

In order to protect human health and our planet, we urgently need to close our coal plants and mines. At the same time, to facilitate those closures, early action on just transition must be taken, as it can minimise the negative impacts and maximise the positive opportunities that closures can thrust upon affected coal workers and communities. In 2015, the UN Paris climate agreement recognised that policy implementation should take into account “the imperatives of a just transition of the workforce and the creation of decent work and quality jobs”. Therefore, governments, trade unions and affected businesses must take early and appropriate measures to ensure that workers and communities are not left behind in the transformation to a low-carbon economy.

Whilst recognising that every region and every community is different, and therefore, that there is a need for a tailored just transition approach, there are certain common principles that must be taken into account when developing these strategies and implementing them. This will, in turn, guarantee, that they are adequate, effective and ensure a speedy and socially just transformation for all.

¹ International Climate Emergency Forum.

² Climate Analytics, *Global and regional coal phase-out requirements of the Paris Agreement: Insights from the IPCC Special Report on 1.5°C*, September 2019.

³ Ibid.

⁴ Europe Beyond Coal. Coal Exit Tracker. Available online at: <https://beyond-coal.eu/coal-exit-tracker/?type=maps&layer=1&toggle=toClosure>

⁵ Europe Beyond Coal.

The objective of this briefing is to contribute to the dialogue taking place across Europe and elsewhere on coal phase-out and just transition by using the Spanish case as an example. This briefing is structured into three sections. The first aims to provide a brief overview of the coal mining and coal power sectors in Spain. The second outlines the main instruments and measures that are being, or have been, used within the Spanish just transition framework. Finally, drawing conclusions from the Spanish case, recommendations are proposed for just transition planning across Europe and beyond.



2. The coal industry in Spain: a brief overview

For decades, coal has been one of the main sources of electricity production in Spain. In fact, power generation data from the Spanish transmission system operator (Red Eléctrica de España)⁶ shows that until 2018 it was among the three largest sources of electricity production at national level. Although the majority of the coal burnt was imported from Colombia, Russia and South Africa⁷, domestic coal, predominantly sourced from mines located in the north of Spain, in the autonomous communities of Aragón, Asturias and Castilla y León, also played a significant role. Despite the historical weight of the coal sector in Spain, it has experienced a massive decline over the last year and a half. Whilst a large majority of coal mines closed by the end of 2018, more than half of installed coal capacity closed at the end of June 2020, and it is expected that the last coal power plant will shut no later than 2025.

2.1 Coal mines

From the early nineties, the coal mining sector in Spain experienced a period of restructuring as a series of European regulations on state aid to coal mining were implemented. First were those developed under the European Coal and Steel Community Treaty⁸, and later, under the EU regulatory framework on aid to the coal industry⁹. Since 1974, there have been mechanisms in place to support the coal mining industry¹⁰. However, it was in 1986 when Spain acceded to the former three European Communities, including the Coal and Steel Community, that a significant amount of subsidies started to be injected into the coal mining industry¹¹. However, those restructurings also progressively resulted in a notable reduction in the number of companies in the sector, and in coal production and employment, among others. Whilst at the beginning of the nineties the coal sector accounted for 146 mines, employed more than 45,000 workers, and produced 19.3 million tons, in 2017 only 12 mines remained open, employing over 2,000 workers and producing around three million tonnes of coal¹².

On 31 December 2018, a large majority of coal mines shut down. All of them were under a Coal Mining Closure Plan developed by Spain under the framework of a 2010 European Council Decision¹³. This Decision foresaw that “the small contribution of subsidized coal to the overall Energy mix no longer justified the maintenance of subsidies for securing the supply of Energy in

⁶ Red Eléctrica de España, Generation Data. Available online at: <https://www.ree.es/en/datos/generation>

⁷ Eurostat

⁸ Decision 3632/93/ECSC of 28 December 1992 establishing Community rules for State aid to the coal industry (OJ L 329, 30.12.1993).

⁹ Regulation 1407/2002 of 23 July 2002 on State aid to the coal industry (OJ L 205, 02.08.2002) and Decision 2010/787/EU of 10 December 2010 on State aid to facilitate the closure of uncompetitive coal mines (OJ L 336, 21.12.2010).

¹⁰ Decree 2485/1974 of 9 August regarding the concerted regime in coal mining (BOE 218, 11.09.1974).

¹¹ ODI, Cutting Europe’s lifelines to coal – Spain, May 2017. Available online at: <https://www.odi.org/publications/10798-cutting-europe-s-lifelines-coal-spain>

¹² Instituto Internacional de Derecho y Medio Ambiente (IIDMA), *La Minería del Carbón en España*, 2018. Available online at: http://www.iidma.org/attachments/Publicaciones/Informe_Mineria.pdf

¹³ Decision 2010/787/EU.

the Union”¹⁴. Therefore, uncompetitive coal mines could receive aid for closure until 31 December 2018. After this date, they should close or return the aid received from 2011 if they continued to operate. This decision also provided aid to cover exceptional costs, e.g. social welfare benefits, environmental rehabilitation costs, payment of pensions, and allowances to workers, among others.

Although all coal mines under the Mining Closure Plan had to close – or return the aid received if they continued operating – this was still a controversial issue in Spain, especially for the regional governments of the most affected areas as well as the coal mining industry. Although for years, aid in Spain had been made available to support the transition in affected regions, the implementation of measures directed towards ensuring a just transition had failed¹⁵. In order to respond to the social consequences of closing these mines, in October 2018, the government reached a historic agreement with the coal mining unions and companies, where early retirements, terminations, and other social measures were pledged for workers as well as EUR 250 million to support business and development initiatives in the regions until 2023¹⁶. More information can be found in Section 3 of this briefing.

2.2 Coal plants

Until May 2020, there were 14 coal plants operating in Spain with a total capacity of 9.8 GW, making it the fourth largest source in terms of installed capacity within the Spanish energy mix, and the country in the EU with the fourth highest number of coal-fired power plants after Germany, Poland and the Czech Republic¹⁷. Historically, coal burning has also been stimulated by the numerous amounts of aid which the Spanish government has granted via capacity payments to electricity companies.

In October 2015, 13 of these coal plants opted to be included in the so-called Transitional National Plan (TNP), a derogation mechanism set out in the Industrial Emissions Directive¹⁸. Plants which were included in the TNP could operate from 1 January 2016 until 30 June 2020 without complying with the emission limit values set out for SO₂, NO_x and dust foreseen in that directive. In order to continue operating beyond that date, the owners of the plants were required to invest in the necessary techniques for the plants to comply with the strictest emission limits foreseen in EU legislation. Seven of the plants included in the TNP were not

¹⁴ Recital 2, *Ibid.*

¹⁵ Despite the provision of subsidies for the restructuring of Spain’s coal sector since the late 1980’s, there has been a lack of adequate planning and anticipation from administrations at all levels and other stakeholders, leading to inadequacy of support lines, lack of business opportunities in the affected areas and socio-economic difficulties, among others.

¹⁶ Framework Agreement for a Just Transition for Coal Mining and Sustainable Development of Coal Mining Regions 2019 – 2027 (Acuerdo Marco para una Transición Justa de la Minería del Carbón y Desarrollo Sostenible de las Comarcas Mineras 2019 – 2027). Available online at: <https://www.irmc.es/Noticias/common/Acuerdo-Marco-para-una-transicion-justa-de-la-mineria-del-carbon-2019.pdf>

These measures were put into law through Royal Decree – Law 25/2018 of 21 December regarding urgent measures for a just transition for coal mining and sustainable development of coal mining regions (BOE 308, 22.12.2018).

¹⁷ Europe Beyond Coal database.

¹⁸ Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (OJ L 334, 17.12.2010).

retrofitted and stopped operating on 30 June 2020¹⁹. An additional Spanish plant also stopped operating on that date despite being retrofitted. Of Spain's six remaining coal plants, two are expected to close no later than 2022²⁰, another by 2025²¹, and two^{22,23} further retirements have recently been announced, though no closure date has been confirmed. Only one plant remains without a closure plan.

Before being able to close, operators must receive authorisation from the government, and must accompany the request for closure with just transition plans to support the workers and affected territories. This obligation is set out in the "Agreement for a Just Transition for Coal Power Plants: Jobs, Industry and Territories"²⁴ signed by the government, trade unions and the owners of the plants in April 2020. With it, these actors commit to prepare just transition agreements to mitigate the adverse effects of coal power plant closures with the aim of supporting the preservation and creation of employment in the affected territories. More information can be found in section 3 of this briefing.

2.3 Transitioning away from coal: a changing approach

Historically, coal has been a very sensitive and complex issue in Spain, supported by the central government, by most regional governments, and political parties, trade unions and energy companies. For this reason, there has been political resistance to acknowledge the need for a coal phase-out in Spain, and the former governments have been reluctant to adopt measures which led towards the closure of coal plants and mines. In fact, in 2017, when some energy companies²⁵ and regional governments²⁶ started shifting their approach, and announced their intention to shut down their coal-fired power plants²⁷, the central government reacted by announcing it would adopt measures for energy companies to keep the plants open. However,

¹⁹ El País, Spain to close half its coal-fired power stations, June 2020. Available online at:

https://english.elpais.com/economy_and_business/2020-06-29/spain-to-close-half-its-coal-fired-power-stations.html

²⁰ SP Global, Spain's Endesa brings forward full coal closure to 2021, February 2020. Available online at:

<https://www.spglobal.com/platts/es/market-insights/latest-news/natural-gas/022520-spains-endesa-brings-forward-full-coal-closure-to-2021>

²¹ Fourth Additional Provision, Law 10/2019 of 22 February, of climate change and energy transition of the Balearic Islands (BOE 89, 13.04.2019).

²² Argusmedia, Spain's Viesgo U-turns and now plans to shut coal plant, June 2020. Available online at:

<https://www.argusmedia.com/en/news/2114452-spains-viesgo-uturns-and-now-plans-to-shut-coal-plant>

²³ EDP, EDP anticipates closure of coal plants in Portugal and Spain, July 2020. Available online at:

<https://www.edp.com/en/news/2020/07/13/edp-anticipates-closure-coal-plants-portugal-and-spain>

²⁴ Available online at:

https://www.miteco.gob.es/images/es/acuerdoporunatransicionenergeticajustaparacentralestermicasencierreen_tcm30-509583.pdf

²⁵ Enel, main shareholder of Endesa, announced closure of two plants in Spain (Compostilla and Teruel) in its Annual General Shareholder's Meeting in 2017. Iberdrola announced the closure of its two plants in Spain (Velilla and Lada) during COP-23 in Bonn.

²⁶ In May 2019, the regional government of Balears announced its intention to shut down two units in Mallorca in 2020 and the remaining two no later than 2025.

²⁷ These announcements of closures were due to many different reasons e.g. environmental and climate, economic and the entry into force of stricter emission limit values for SO₂, NO_x and dust set out in the Industrial Emissions Directive and in the Large Combustion Plants Best Available Techniques Reference Document (LCP - BREF). In order to meet these emission limits, operators had to invest in these plants, which was not profitable for some of them.

in 2018, the government's position shifted significantly. On 1 June 2018, a no-confidence vote against the government resulted in the ousting of the president and a change of the governing party. This resulted in a change in the energy and climate change policies in Spain.

The new government pledged to place the climate emergency and just transition at the top of its political agenda. In this context, and in order to comply with the UN Paris climate agreement, and the EU legal framework, in February 2019 it presented the Strategic Energy and Climate Framework which has three key pillars:

- The Climate Change and Energy Transition Bill. This bill was adopted by the Spanish government in May 2020 and submitted to the parliament. It has not been approved yet.
- The National Energy and Climate Plan (NECP). This plan, covering the period from 2021 until 2030, sets out a roadmap, establishing how Spain intends to meet its 2030 targets for greenhouse gas emission reductions, renewable energy, energy efficiency, and electricity interconnections. The final version of the Spanish NECP was sent to the European Commission in March 2020²⁸.
- The Just Transition Strategy intends to ensure that people and regions make the most of the opportunities offered by the transition to a low-carbon economy, and to minimise its negative impacts by means of support and recovery measures. This strategy covers a five-year period (1 January 2020 - 31 December 2024).



²⁸ MITECO, *El Gobierno envía a la Comisión Europea el Plan Nacional Integrado de Energía y Clima 2021 – 2030*, 31.03.2020. Available online at: [https://www.miteco.gob.es/es/prensa/ultimas-noticias/el-gobierno-env%C3%ADa-a-la-comisi%C3%B3n-europea-el-plan-nacional-integrado-de-energ%C3%ADa-y-clima-\(pniec\)-2021-2030/tcm:30-508439](https://www.miteco.gob.es/es/prensa/ultimas-noticias/el-gobierno-env%C3%ADa-a-la-comisi%C3%B3n-europea-el-plan-nacional-integrado-de-energ%C3%ADa-y-clima-(pniec)-2021-2030/tcm:30-508439)

3. The elements of a just transition: the Spanish example

Spain's unemployment rate is double the EU average and the second highest in the region²⁹. Although ecological transition can be an opportunity for job creation, if adequate measures are not implemented, it could also lead to negative sectorial and territorial impacts in the short term. The closure of the coal sector in Spain is one of the most controversial elements of the transition towards a low-carbon economy. It entails many social difficulties, as for decades, some regions have organised their economies around this activity. However, with an adequate and inclusive approach, which takes into account all stakeholders in the creation of economic diversification plans, the transition can be a driver for sustainable economic development and social progress. The opposition from the previous Spanish governments, and other actors to the energy transition, have hindered the anticipation required for a just transition. However, there are already elements in place to ensure open and inclusive just transition planning for coal regions.

3.1 The Just Transition Strategy

In July 2018, the Spanish government and the International Labour Organization (ILO) signed a strategic agreement to implement the ILO Guidelines for a Just Transition³⁰, which offer a framework that countries can make use of to guide the transition to a low carbon economy. The Spanish Just Transition Strategy was the first instrument adopted in line with this framework. As mentioned in section 2.3 of this briefing, the Just Transition Strategy was developed as part of the Strategic Energy and Climate Framework.

Article 24 of the Climate Change and Energy Transition Bill provides for the Just Transition Strategy:

1. *The Just Transition Strategy is the state-level instrument aimed at optimising opportunities for economic activities and employment in the transition towards a low greenhouse gas emissions economy and at identifying and adopting measures to guarantee equitable and supportive treatment of workers and territories in this transition. The Government shall approve Just Transition Strategies, every five years, through a Council of Ministers Agreement, at the joint proposal of the Ministers for Ecological Transition and the Demographic Challenge; for Labour and Social Economy; for Industry, Trade and Tourism; for Agriculture, Fisheries and Food; for Transport, Mobility and the Urban Agenda; and for Science and Innovation, with the participation of the Autonomous Communities and social agents.*
2. *The Just Transition Strategy shall include the following:*
 - a) *Identification of groups, sectors and territories potentially vulnerable to the process of transition to a low-carbon economy*
 - b) *Analysis of the opportunities for the creation of economic activity and employment linked to energy transition.*
 - c) *Industrial, research and development, innovation, promotion of economic activity and employment and occupational training policies for Just Transition.*

²⁹ Eurostat.

³⁰ ILO, *Guidelines for a just transition towards environmentally sustainable economies and societies for all*, 2015. Available online at: https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/documents/publication/wcms_432859.pdf

- d) Instruments for monitoring the labour market within the framework of energy transition through the participation of social agents as well as in the social dialogue roundtables.
- e) The framework for the elaboration of Just Transition agreements.

3. The Just Transition Strategy, as well as the instruments for its implementation and development, shall be drawn up taking into account gender equity.

The Just Transition Strategy contains the **objectives and measures to maximise benefits for activity and employment in the context of an ecological transition**³¹.

Table 1.- Objectives and measures included in the Just Transition Strategy

Objectives
<ul style="list-style-type: none"> ● To make the most of the opportunities for employment generated by the ecological transition and improve competitiveness and social and territorial cohesion. ● To ensure equal opportunities: gender, vulnerable groups and rural areas. ● To provide the Spanish administrations and society with observation capacity on the status and trends of the labor market and job creation opportunities with regard to ecological transition. This includes producing sectoral and industrial plans to optimize opportunities. ● To promote participatory sectoral forums, to generate an integrated debate on key issues for Spain's economic sectors. ● To evaluate and improve the existing instruments of the Central State Administration to contribute to maintaining and creating employment e.g. R&D+I, financial support, training. ● To put forward adequate support policies with inter-ministerial and inter-administrative participation (at state, regional and local levels) and other social actors. ● To minimize the negative impacts on vulnerable areas through Just Transition Agreements and offer solutions to short-term challenges such as the closure of coal mines and plants through the Urgent Action Plan 2019-2021
Measures
<ul style="list-style-type: none"> ● Incentives for sub-sectors and activities related to the ecological transition,, demand-stimulating measures, use of public procurement and development of markets for green products, training of workers, support for research to generate opportunities in resource-efficient activities and circular economy. ● Promoting the development of new businesses, public support for the transition of small and medium enterprises, promotion of transition plans in large companies. ● Measures specific to strategic industrial sectors e.g. elaboration and implementation of strategic roadmaps for affected sectors in order to identify challenges related to the energy transition and propose measures to advance in the decarbonisation of these sectors, among others. ● Measures to reduce inequality and support consumers e.g. carry out an analysis of the impact of ecological transition policies on inequality, vulnerable groups and health; approve an Energy Poverty Strategy that will improve knowledge of energy poverty, the current response to the problem and create a structural change for the mitigation of this problem; among others. ● Recovery measures e.g. Develop ecological transformation plans with clear timetables, agreed upon by all actors, in order to anticipate adaptation and transformation measures, elaborate just transition

³¹ MITECO, Just Transition Strategy, pp. 30 - 40. Available online at: https://www.miteco.gob.es/images/es/documentoetj_tcm30-514300.pdf

agreements to boost the economic reactivation of vulnerable sectors or territories or those affected by the ecological transition, promote the implementation of just transition plans in strategic companies or groups of companies, among others.

- Active green employment and social protection policy measures e.g. direct intervention of the government or the autonomous communities in the labour market to develop programmes and measures to improve its functioning, measures promoting integration, training and policies to promote job creation which should be developed taking into account the needs of job seekers and the requirements of the labour markets.
- Green vocational training measures e.g. develop joint programmes for young people between the Ministries of Education and Labour to promote diplomas and certificates in sectors linked to ecological transition; measures to review curricula taught in compulsory secondary education, vocational training and higher education and add contents referring to the Ecological Transition, and others such as digitalization.
- R&D+I measures e.g. Promote innovative public procurement for the greening of the economy; supporting innovation and development of technologies to achieve a 100% renewable energy system through solutions for storage, hybridisation, digitalisation and integration of networks and sustainable mobility; inclusion of a Strategic Action on Energy and Climate Change in the future Spanish Science and Technology Strategy 2021-2028 and in the future Scientific, Technical and Innovation Research Plan 2021-2024; among others.
- Measures to improve knowledge about the impact of the ecological transition on employment e.g. present a regular analysis of the ecological transition of economic sectors to understand the situation, trends and developments, their potential for employment generation, economic activities and occupations with better job prospects, the skills most in demand by companies and training needs, etc; Present an analysis of vulnerabilities in specific sectors or areas in order to implement policies of anticipation; produce a full diagnostic report with the launch of each Just Transition Strategy every 5 years and a follow-up report at mid-way of the implementation period. This report will also include an analysis of the opportunities and vulnerabilities linked to the demographic field and especially to rural depopulation, among others.

Source: Sections 3 and 4, Just Transition Strategy

The Just Transition Strategy also establishes the need to develop a governance framework to ensure the implementation and monitoring of the strategy. This governance framework must secure effective participation of different stakeholders at state, regional and local levels, as well as other actors, to guarantee the implementation of the strategy; it must monitor the implementation of the strategy in an efficient manner and guarantee transparency, and it must create an administrative structure that allows a speedy implementation of the Just Transition Agreements and the Urgent Action Plan. Different bodies will ensure the achievement of these objectives:

- The **Just Transition Institute**. Its main role will be to ensure the implementation of the Just Transition Agreements. It will also develop and implement measures to promote the economic development of coal mining regions as well as support the restructuring and development of areas identified as vulnerable to the impacts of ecological transition - determined through reports developed every 2 years.
- The **Advisory Council of the Just Transition Institute**. This body will coordinate and monitor the implementation of the Just Transition Strategy. It is formed by representatives of the majority of the ministerial departments, the autonomous communities, local authorities, as well as the most representative business and trade union organisations, among others. The advisory board will work on the development of a framework for the strategy, which will be managed later by the Just Transition

Institute. This framework should provide adequate information for decision making in the framework of this strategy.

- **Social Dialogue Roundtables.** For the monitoring of policies and their results, the participation of social agents is key. The strategy seeks to boost social participation, generating an integrated debate on greening the economy and on key issues for different economic sectors. Administrations, unions, businesses and other stakeholders will be involved. It is still unclear exactly how these Social Dialogue Roundtables will feed into the process of monitoring the progress of the Just Transition Strategy.

During the first six months of 2022, a first monitoring report of the strategy will be developed, covering the years 2020 and 2021. This report will be public and will include information regarding the monitoring of the objectives and policies defined in the framework of the Advisory Council, as well as the monitoring of the results obtained by the Just Transition Agreements on the basis of the indicators included in them, with a summary of preliminary results of the Urgent Action Plan. On the basis of this monitoring report, the strategy will be adapted and improved. The current strategy will be in force for five years, after which an evaluation will be carried out and a new and updated strategy will be launched. A final report of the current strategy will also be developed during the first six months of 2025.



3.2 The Urgent Action Plan for coal mining regions and coal plant closures

In order to provide answers to short-term challenges such as the closure of coal mines and coal plants, the Just Transition Strategy includes an Urgent Action Plan to promote the economic stimulus of the coal regions. This plan complements the agreement signed between the government, trade unions and mining companies in October 2018, by implementing urgent measures to:

- Ensure adequate compensation for affected workers, as well as access to vocational training and job placement;
- Maintain employment, in the short-term³²;
- Offer just transition agreements for affected regions to avoid negative impacts caused by closures of plants and mines.

The measures foreseen to meet these objectives are:

- Support and finance the development (in the short-term) of just transition agreements covering the period from 2019 until 2021 for affected regions, with the objective of creating employment in the medium and long-term. An amount of EUR 130 million is foreseen for this purpose.
- Request reactivation plans for companies, with the aim of developing other activities in the affected territories, or relocating affected workers in other installations or subsidiary companies, as well as the maintenance of employment in activities associated with dismantling, or renewable energy projects, where possible.
- Develop a framework agreement between companies requesting closures, trade unions and the administration to accompany the closures of thermal power plants that incorporate the necessary elements to develop a just transition.
- Speed up the granting of subsidies to boost the economy of the regions affected by Decision 2010/787/EU and extend the deadline for recognition of aid up to 31 December 2023. A total of EUR 134 million is foreseen for this purpose.
- Implement urgent measures to protect employment in the affected regions, e.g. guaranteeing affected workers be compensated, a plan to support occupational training and reintegration of workers, a mine restoration plan to maintain local employment, a renewable energy and energy efficiency plan for affected regions. The amount foreseen for these plans for the period 2019-2023 is EUR 158.4 million.
- Launch of the Just Transition Institute to provide technical support and access to the necessary funding.
- Launch of the first call for grants under the *Empleaverde* program, focusing on affected regions.

³² This will be done by means of the Mine Restoration Plan and the Renewable Energies and Energy Efficiency Plan 2019-2023 as well as other plans to be developed with the mining regions.

- Development of a plan for economic and technological transformation of the Foundation City of Energy (CIUDEN), to play a significant role in the reactivation of mining areas in Castilla y León.
- Launch of the country team of the European Mining Regions in Transition Platform to facilitate better access to European funds for strategic projects.

3.3 The Just Transition Agreements

As indicated in the Urgent Action Plan, Just Transition Agreements are a tool for the reactivation of territories in those cases where the ecological transition can lead to negative sectorial and territorial impacts. They provide answers to the impacts caused by the closure of coal plants and coal mines. Their objective is to establish a comprehensive territorial action plan that allows for maintaining employment in the affected regions, supports vulnerable sectors and groups, and promotes diversification in the area.

Article 25 of the Climate Change and Energy Transition Bill

1. Under the Just Transition Strategy, just transition agreements shall be concluded to promote economic activity and its modernisation as well as the employability of workers who are vulnerable to the transition to a low carbon economy, in particular in cases of plant closures or conversions.

2. These just transition agreements, in which the Autonomous Communities shall participate in accordance with their competences, shall be signed between the Ministry for Ecological Transition and Demographic Challenge, following a report from the Ministry of Labour and Social Economy, the Ministry of Inclusion, Social Security and Migration and the Ministry of Industry, Tourism and Trade, and other public administrations, in particular local entities in geographical areas vulnerable to the transition to a low-carbon economy. These agreements may also involve companies, organisations from the business sector, trade unions, universities, educational centres, associations and non-governmental environmental organisations and other interested or affected entities.

3. Just transition agreements shall include:

- a) An assessment of the state of vulnerability of the geographical area or affected group.*
- b) Commitments of the parties to the agreement, including the companies benefiting from support measures for the transition.*
- c) Tax, financing, R&D+I support, employment, social protection and training measures to encourage the adaptation of workers, subject to compliance with the objectives established in the agreement.*
- d) A calendar for the adoption of the measures, with measurable objectives and monitoring mechanisms.*
- e) They may also include priority access to part or all of the electricity evacuation capacity, as well as the priority right to the use and volume of water of those water concessions extinguished after the closure of electricity generation facilities in accordance with the provisions of Royal Decree Law 17/2019, of 22 November, on adopting urgent measures for the necessary adaptation of remuneration parameters affecting the electricity system and which responds to the process of ceasing the activity of thermal generation plants.*

4. For the purposes of the provisions of article 49.h) of Law 40/2015, of 1 October, on the Legal Regime of the Public Sector, the validity of just transition agreements shall be determined by the clauses of the agreement itself, and may not in any case exceed the initial seven-year duration. The signatories may agree to extend them, before the end of the foreseen term of validity, for a period of up to seven additional years.

The elaboration of Just Transition Agreements consists of:

1. Delimitation of the geographical scope of the Just Transition Agreement.
2. Preparation of a characterisation and diagnosis report for each territory. These reports provide a study of the specific socio-economic circumstances of each territory, in order to identify the context, challenges and opportunities specific to each agreement.
3. Carrying out a **public participation process to involve relevant stakeholders** in order to develop the content of each Just Transition Agreement. A great diversity of actors, such as companies, municipalities, regional authorities, trade unions, academic institutions or civil associations, present their proposals and ideas for projects with which to boost their municipalities and regions.
4. Finalisation of the characterisation and diagnosis report.
5. Analysis and evaluation of projects and identification of support instruments. **Just Transition Agreements do not commit specific funds for each territory but seek to take advantage of the territory's resources, whether economic, social or environmental and to attract investment when necessary.** Through the Agreements, specific projects for the development of the region and funding sources will be identified. All of them will be evaluated to determine their viability, sustainability and suitability for the territory. On the basis of clear criteria, the best ones will be selected - and communicated to all those involved through workshops - and later on, implemented. Depending on the selected projects, the agreements will support their development, where necessary, through access to administrative support lines, technical assistance for European or other funding windows, existing support lines or specific tools such as renewable auctions. In those territories where coal plants shut down, grid access and water resources will be kept within the territory, guaranteeing the replacement of coal plants by renewable sources in the same location. Grid access and water resources will be provided, through a tendering process, to the best projects for the area, taking into account environmental, economic and social criteria³³.
6. Finalisation and sign-off of the Just Transition Agreement, which must also include roadmaps and transformation calendars, will require the attainment of measurable economic and environmental targets.

As explained above, the Just Transition Agreements are designed to be negotiated involving as many actors as possible. They should not only seek the involvement of all levels of administration, but also of other actors such as companies, trade unions, universities, educational centers, associations, civil society organisations, local groups and other interested parties. These agreements are of a participatory and inclusive nature, from their development, to their monitoring and evaluation.

³³ Royal Decree Law 17/2019 of 22 November adopting urgent measures for the necessary adaptation of the remuneration parameters affecting the electricity system and responding to the process of thermal power plants closure (BOE 282, 23.11.2019).

Currently, most just transition agreements are pending the final diagnosis and characterisation report and therefore have not been adopted yet³⁴. This means that coal mines and a large number of coal plants have either shut down or stopped operating without having these agreements in place. **For the transition to a low carbon economy to be a real driver for economic development and social progress, it is necessary to ensure early and effective planning.** However, despite significant funds having been poured into the restructuring of the coal sector in Spain, there has been a lack of adequate planning and anticipation from administrations at all levels, as well as other stakeholders, leading to inadequacy of support lines, lack of business opportunities in the affected areas, and socio-economic difficulties, among others. In order to address the challenges posed by the closure of mines and plants in the absence of the Just Transition Agreements, other immediate measures have been adopted.

Table 2.- Short-term measures following coal plants and mines closure

Coal mines
<ul style="list-style-type: none"> ● Approve a social plan for workers. ● Approve a restoration plan to develop projects where the bankruptcy of the mines did not allow for subsidies. ● Approve a job exchange for workers. ● Approve aid schemes and the elaboration of Just Transition Agreements for affected regions.
Coal plants
<ul style="list-style-type: none"> ● Request a just transition plan from companies which have requested the closure of their plants. ● Approve the Agreement for a Just Transition for Coal Power Plants: Jobs, Industry and Territories”, signed by the Government, trade unions and the owners of the plants in April 2020. ● Approve legislation setting out the obligation for access to the network and water resources to be kept within the territory, following the closure of a coal plant. ● Approve the elaboration of Just Transition Agreements.

Source: MITECO

³⁴ Ministry for Ecological Transition and Demographic Challenge. Public participation procedures have finalised for the following areas: Asturias (Suroccidente, Valle del Nalón and Valle del Caudal), Aragón, Castilla y León (Montaña Central Leonesa – La Robla, Guardo-Velilla, Fabero-Sil, Bierzo Alto, Laciaña -Alto Sil and Cubillos Sil – Ponferrada), Andalucía (Carboneras and Puente Nuevo – Valle del Guadiato) and Galicia (Meirama). Preliminary diagnosis and characterisation reports are still pending for the following areas: Andalucía - Los Barrios, Galicia – As Pontes, Castilla y León - Garoña and Castilla La Mancha – Zorita.

4. Recommendations for a just transition

Just transition for coal mining regions constitutes one of the biggest challenges and opportunities to ensure that climate action is accelerated. The importance of guaranteeing a just transition has been recognised at international level through a series of instruments such as the UN Paris climate agreement and the ILO Guidelines on Just Transition, as well as by international bodies such as the Organisation for Economic Cooperation and Development (OECD) and UN Environment.

Although the transition from coal to renewables is gaining speed throughout Europe, and there are positive examples to build on, it is critical that countries avoid mistakes made by others in order for coal phase outs to become a reality, whilst boosting the economy, and securing a just and fair transition for affected workers and regions. The Spanish example provides examples of 'do's and don'ts' to ensure the phase-out of coal, and take advantage of the opportunities of transformation to a low-carbon economy.

- **Awareness and acceptance:** For years, the denial of the energy transition coming from the Spanish government and other relevant actors had hindered the acceptance of the concept of a just transition. All actors must be made aware early on and acknowledge the need to exit coal by 2030 in Europe and by 2040 globally, and to transition to a 100 percent renewable energy model, whilst putting in place adequate just transition measures.
- **Planning:** The establishment of an appropriate just transition framework requires tailored and early planning. Opportunities created by the energy transition depend on local specificities. Taking advantage of the territory's resources, whether economic, social or environmental, will lead to the development of the most adequate projects. Putting into place the funding mechanisms to achieve this is also necessary.
- **Adaptation:** Whilst adopting a tailored approach for each region, it is also crucial to have the necessary resources in place to adapt to the local circumstances and act fast upon pressing challenges, e.g. early closures of coal mines and plants. This will guarantee that no one is left behind.
- **Public participation and cooperation:** All social actors must be involved in the decision-making process. For this, information must be made available to the public in a clear and timely manner, allowing all to be fully informed about the transition process. A good example can be seen in the Spanish Just Transition Agreements, where participation is encouraged in their design, monitoring and evaluation. To ensure effective and adequate participation, the public must be informed about how their feedback was taken into account.
- **Employment, training and education:** Just transition measures should include access to adequate training and education, paying particular attention to equal opportunities as well as measures to promote green employment. Jobs linked to the lock-in of fossil fuel capacity such as fossil gas, shall not be promoted.
- **Transparency:** Control and transparency measures to ensure the effective implementation of just transition plans must be put into place. Public administrations must publish all contracts, agreements or approved funding which is granted within the

Just Transition Framework. The Spanish Just Transition Strategy must ensure that the follow-up and monitoring of the Just Transition Agreements will not be limited to “correcting deviations, locating achievements and communicating results”. Transparency and monitoring are also necessary for the effective control of public funds allocated to areas in transition.

- **Legal framework:** It is necessary to put in place an adequate legal framework comprised of instruments and measures which promote and favour a socially just transition.

Following these recommendations when planning for and elaborating a just transition framework will ensure that the opportunities arising from the energy transition are maximised. This will not only result in great socio-economic benefits, but will also impact positively on our health and the planet.