



ENERGYCITIES

policy paper

THE EUROPEAN GREEN DEAL: HOW CLOSE TO DELIVER GENUINE SOCIETAL TRANSFORMATION?

Energy Cities briefing - December 2019

The large-scale climate mobilizations of these past few years have not been in vain. The European Commission has finally recognized the magnitude – and urgency – of the ecological crisis and President Ursula von der Leyen has made it the number one priority of her new mandate, under the umbrella of the European Green Deal.

This [massive plan](#), which includes 50 measures to bring Europe on a climate-neutral trajectory by 2050, has the valuable merit of addressing the climate issues from an integrated and holistic perspective. Indeed, virtually all sectors are tackled from energy to transport, mobility, industry, buildings, waste, biodiversity, international trade, air pollution and even economy and finances.

But is it enough to inject some climate substance individually into each sector of the economy, without operating a bigger paradigm change? How close are we to bring about the larger societal transformation that citizens are desperately calling for?

In its [2019 Manifesto](#) published ahead of the European elections, Energy Cities had called for 8 quick and disruptive EU measures and reforms, all of which have been at least

partly addressed. But a lot more remains to be done.

New Hopes for EU Economic Governance

The most disruptive proposal of the European Green Deal is probably the European Commission's commitment to "refocus the European Semester process of macroeconomic coordination to integrate the United Nations' sustainable development goals". This means that the EU executive strongly intends to put sustainability – not just the control of public debt – "at the center" of European economic policy. In addition, the Commission plans to benchmark the green budgeting practices of Member States and overall encourages them to take "environmental risks and considerations" into account in their annual budgets and fiscal plans. Another welcome statement from the Green Deal communication mentions that this reform should be done in a way that leaves no one behind, meaning that carbon pricing measures would have to take into account vulnerable citizens.

For local authorities, more flexible fiscal rules that do not deter climate-related investments, especially as relates to energy

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efficiency measures, is of paramount importance.

In addition, in line with our manifesto's proposal, we would recommend going one step further by urging member states to make a full "climate proofing" of their national budgets, a process that some cities are already starting to implement at local level.

More Budget for Climate, But No Climate-Compatible Budget

The European Green Deal makes a lot of references to "climate mainstreaming" of different EU budget lines. While the EU budget overall should dedicate a minimum of 25% of expenditures to climate action, it specifies that the Common Agricultural Policy for example will devote some 40% of its spending to climate measures, while the new "InvestEU" programme should channel 30% of funds to "contribute to fighting climate change".

While these are obviously welcome moves, the Commission should also first and foremost assess the climate compatibility of every single euro it spends, by adopting an

ambitious methodology and monitoring process.

Just Transition Mechanism: Great Plan, Missed Opportunities

The social justice, inclusive and fairness dimensions are really featuring high on the von der Leyen Commission's narrative. The proposal, originally submitted by the European Parliament, to create a €5 billion "just transition" fund has been turned into a bigger mechanism which would pool different EU funding sources and processes to ultimately trigger some €100 billion of investments.

Unfortunately, while this proposal could have had a transformative firepower in redesigning local economies all around Europe, it is still limited in scope. Indeed, the aim is mostly to transform "declining sectors into growing ones", exclusively in countries and regions which have based their economies on dirty fossil fuels or highly energy intensive industries.

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A Climate Pact Only Timidly Building on the Covenant of Mayors

The Climate Pact is another landmark proposal of the European Green Deal, which could have an extraordinary impact. As mentioned in the Green Deal communication: “recent political events show that game-changing policies only work if citizens are fully involved in designing them.” Indeed, the current socio-economic climate is one of the numerous arguments in favor of energy and climate policies co-designed by citizens. Leuven, Nantes, Barcelona and so many other cities and municipalities across Europe are showing remarkable creativity in doing that at their own levels. Theirs and other such examples need to be widely mainstreamed and replicated all across Europe. The Covenant of Mayors is the right instrument to impulse this change on a European scale, by refocusing its commitments on the creation of local alliances for social-ecological transformations.

In the current proposal however, the Covenant of Mayors is merely referenced as a tool to share best practices among cities and build their capacities.

Business as Usual on Energy System Planning

Although energy communities are quickly mentioned in the climate pact chapter, the Green Deal proposal still considers the economics of energy markets from a very top-down perspective.

Indeed, it seems the Commission still approaches energy planning from a supply – rather than demand – oriented point of view, assuming a big role for offshore wind and decarbonized gases, all the while pleading for technology neutrality... Large-scale interconnection projects are taking most of the space on the political agenda, and the “cost efficiency” parameter seems to outweigh any other considerations, such as local resilience and social cohesion.

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Instead, the community energy logic which was championed in the electricity and renewables directives should be mainstreamed across all dimensions of the EU energy policy spectrum. The “energy subsidiarity” principle, according to which local resources (such as waste heat, solar, geothermal, biomass potential, etc.) should be tapped in priority should also find some resonance in the EU energy policy.

Mobility and Building Strategies: Where is the bigger picture?

The mobility sector needs to undergo a complete makeover, going further than just greening the industry.

The emphasis on “smart” technologies and processes (e-mobility, digital tools, etc.) rather than “soft” measures (reclaiming public spaces, cycling and walking infrastructures) will fall short of delivering the peaceful and harmonious urban environments citizens are entitled to.

On buildings, the Commission has proposed a far-reaching “renovation wave” initiative to at least double the current rates of public and private building renovations in the EU. There too, it will be important to ensure a

“bigger picture” take on the issue, notably by looking at district and neighborhood level rather than individual building blocks.

In Conclusion...

While ambitious in intent, the Green Deal remains a piecemeal set of disparate solutions, failing to deliver the bigger system and mindset change that is really required. If we were to speak in tech-friendly terms, we could say the strategy is a collection of new “plug-ins”, while what we really need is a complete software change, to fully “reprogram” the EU policy-making machine in a way that favours local, regenerative economies.

More information:

Recent Energy Cities publications:

- **Our manifesto** (May 2019)
- **The Just Transition Fund** (May 2019)
- **Integrated building renovations can help to deliver a successful European Green Deal** (December 2019)

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