

THE REPOWEREU FUNDS

AN OPPORTUNITY FOR

JUST AND LOCAL TRANSITION?

ORIGIN, FUNDED MEASURES &
AGENDA FOR THE NEW ADDITION
TO THE NATIONAL RECOVERY &
RESILIENCE PLANS

In the context of the Russian invasion of Ukraine, the European Union implemented the REPowerEU plan to cut off the importation of Russian fossil fuels. With this aim, the Commission asked Member States to **insert RepowerEU chapters into their National Recovery and Resilience Plan (NRRP)**. These plans were launched post-covid to ensure the recovery of Member States' economies thanks to both green and digital transitions. **These funds must support a just and local transition** helping local actors to act for energy sovereignty and respecting the planet's boundaries. However, today it is not clear where these funds will land.

WHERE DO THESE REPOWEREU FUNDS COME FROM?

Negotiations are still taking place between the European institutions to reach an agreement for the upcoming legislation on the **RepowerEU chapters under the Recovery and Resilience Facility (RRF)**.

The European Parliament agreed during the plenary on the 14th of February 2023 on the following sources for the funding of the RepowerEU chapters:

- **EUR 20 billion in RepowerEU grants**, with 60% coming from the Innovation Fund and 40% via frontloading emissions allowances from the EU Emissions Trading System (ETS).
- **Up to EUR 5.4 billion of funds from the Brexit Adjustment Reserve**, transferred by Member States to the RRF to finance REPowerEU measures (voluntary).
- **A 7.5% voluntary transfer of cohesion policy funds 2021-2027 (up to EUR 26.9 billion)**. Member States with unspent cohesion funds from the 2014-2020 period will be able to redirect the funds to REPowerEU objectives to support SMEs and vulnerable households particularly affected by energy prices and to implement further energy efficiency measures.
- **EUR 225 billion in loans** available under the RRF (up to the 31st of August 2023).

Member states will have 30 days to indicate if they want to use unallocated loans from the Recovery and Resilience Facility, before reallocation can take place.

Member States refused the Commission's proposal to transfer funds from the Common Agricultural Policy.

WHAT KIND OF PROJECTS COULD BE INCLUDED IN THE CHAPTERS?

The REPowerEU chapters are supposed to allow the **diversification of gas supplies** and to increase the pace of reducing dependence on fossil fuels, including **more renewable energy** in the energy mix. Member States are also expected to implement measures to **fight energy poverty** for vulnerable households.

The rapporteurs from the Parliament stated that the **local and regional authorities** would be further taken into account to direct funds toward citizens and SMEs. Yet, **no concrete measure** has been attached to this statement. They also declared that these funds would concern measures to improve the **energy infrastructure** in particular, to meet the immediate needs of gas supply security. At least **30% of the spending** under RePowerEU should concern **multi-country measures**, especially for measures around energy transmission, distribution and storage.

The Parliament statement includes **derogations to climate law and its « do no significant harm »** principle, allowing funding for **new fossil energy projects in Czech Republic, Hungary, and Slovakia**.

The negotiators specified that the fossil gas will have to be supported by loans only (up to 30%) and be operational by 2026. However, these thin limits are not going to prevent fossil energies from becoming substantial in some countries' energy mix. In the countries concerned, the NRRP might contain investments in pipelines, storage systems, LNG terminals, or fossil infrastructure. For [CEE bankwatch](#) it's a major « **regression on the phase-out of fossil fuels** from the EU budget and programs, but also a major blow to climate policy and the Paris agreement».

The Council adopted the amended regulation on REPowerEU on the 21st of February. Now that a final agreement has been signed by both institutions, it is expected that **20% of the REPowerEU funds will be given to the States**, as announced by the Parliament.

WHICH AGENDA FOR THE REPOWEREU CHAPTERS?

Each Member State is expected to submit its modified NRRP including the REPowerEU chapter by the 30th of April. However, the Commission did not formulate this in binding terms. It is only the Member States « who **wish** to revise their RRP to receive additional funding » who should include a REPowerEU chapter in their request.

The lack of obligation is even more unfortunate since the REPowerEU chapters are supposed to be **increasing the part of sustainable and renewable energies in the energy mix**.

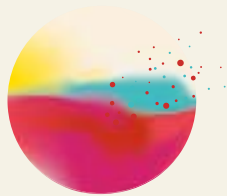
The chapters are also expected to be the result of a **consultation process** with local and regional communities, social partners, and agricultural stakeholders to guarantee easy and broad acceptance and appropriation. This dialogue process is supposed to balance the lack of consultation of which the NRRPs were the object. The relative return on eligible fossil fuel investments for EU funds, as [CEE bankwatch and Climate Action Network have pointed out](#), could be softened if countries take the opportunity to write these chapters with local stakeholders, with plans to direct the money to local and sustainable energy production.

Another important perspective around these chapters is the release of a user-friendly and easy-to-use **portal that would list the 100 largest recipients of funds from the recovery plans**. The due date of such a platform is unfortunately not known. This requirement could be seen as a welcomed **transparency** measure. But it has also been criticized in the sense that the public will not be able to access the full fund beneficiaries' list. de l'Europe.

CONCLUSION

It is still very unclear how and when the funds of the REPowerEU plan will be spent. At the end of April, once Member States have submitted a new version of their NRRP, it will be easier to have a full picture. But no information can yet be found on the consultation process asked by the European Commission for the preparation of these chapters.

In the meantime, the **Commission is currently transferring the first part of the Recovery and Resilience funds** requested by the Member States. It is crucial to have a look at the adopted NRRP and to see where the funds are landing.



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