

ENERGY CITIES - BRIEFING

HOW CAN REPOWEREU CHAPTERS

MAKE OR BRAKE

LOCAL TRANSITIONS?

DEADLINES & INSPIRATION FOR THE
NEXT NATIONAL RECOVERY & RESILIENCE PLANS

MARCH 2023

European Member States are currently drafting the REPower EU chapters of their National Recovery and Resilience Plan (NRRP). **Soon, we will have 27 different plans that are supposed to ensure the EU overcomes the same massive crisis but also achieves similar energy & climate targets.**

We had a closer look at some of the NRRPs approved by the EU Commission at the end of 2022, to understand the involvement (or lack thereof) of local governments in the process and the spending priorities. We also identified some inspiring measures that could drive the drafting of the new chapters.

DRAFTING THE PLANS: CITIES ARE MOSTLY LEFT OUT

The plans are divided into two parts: the green transition, which gathers most of the funds, and the digital transition. Sustainable mobility and energy efficiency are the two main focuses under the green transition part, making 35% and 26% of the expenditure respectively.

A closer look at the plans reveals many defects and deficiencies. First, the drafting of the plan in each Member State has not been inclusive enough of the local and regional authorities nor the social partners as asked by the Commission. For instance, in Spain, the local governments have not been consulted, despite the fact they are the main beneficiaries of the plan. Everywhere, national governments mainly decided alone on the content of the plan without integrating the contributions from the consultations. Most Member States rushed to submit their plan, so they did not manage to carry out the dialogues as they were supposed to. **The time of crisis is not an excuse to skip the consultation with the local governments.** One country, **Bulgaria**, showed that the involvement of local stakeholders was possible and even successful, by submitting its plan in October 2021. This late launch allowed the national government to consider regional social partners and stakeholders and to plan massive investments in renewable energy sources and building renovation.

Secondly, in most of the plans, the **cities and territorial actors are not directly identified as priority recipients of the funds.** In **France**, even though the cities are the site of most investment projects, they have not received a lot of funds, nor been targeted directly. The cities themselves tried to call for an increased transfer of resources and an additional fiscality to speed up the implementation of ecological transition. The French government did not approve this regionalization of public investments. In the **Italian plan**, the cities, especially in the south, have been to a certain extent targeted and prioritized. However, it is unfortunate that the distribution of the funds is taking place through **competition between municipalities** and other public bodies (for instance for urban regeneration projects).

UPDATE & CALENDAR

The Commission has published [an agenda of the Resilience and Recovery Facility \(RRF\)](#) integrated into the European semester. During the first months of 2023 (from January to March), payment requests and assessments are expected.

By the end of April Member States should publish their national reform program including a RRF bi-annual report which will give an overview of how the implementation of the RRF and the NRRP is progressing.

In return, country reports should be published in May 2023 by the Commission.

While the REPowerEU chapters are expected for the end of April, **the Commission is already transferring a part of the allocations to the countries who requested it.** Thus, to understand better what kind of project the countries are planning to fund with the RRF, we need to zoom in on some of the plans.

HOW ARE THE FUNDS SPENT?

Much of the discussion around the REPowerEU chapter revolves around where the funds will come from. But knowing where this money will land is equally important. Looking at what the NRRPs have already funded can help us determine which types of projects should be condemned and which ones should inspire national governments in the drafting of these new chapters.

Hydrogen-hopium in France, Germany, Finland Portugal & Estonia

It appears that most Member States hope to reach energy sovereignty through the massive use of hydrogen. Many NRRPs are funding hydrogen-related research projects, as a part of their green transition measures.

In France, **EUR 1.9 billion** will be invested in low-carbon hydrogen, and the hydrogen industry will benefit from additional aid over the next decade. In the case of Germany, the main focus of the green transition budget is decarbonization mostly through renewable hydrogen (about **EUR 1.5 billion**). Thus, some regions and cities will be receiving a lot of funds, but only indirectly, like Duisburg in the Ruhr region.

In Finland and in Portugal **EUR 156 million and EUR 185 million** respectively will be invested in

low-carbon hydrogen, and in Estonia about **EUR 50 million** will be spent on such technical research. Hydrogen projects are taking over a lot of the funding under the green transition part.

Even without considering the current questions around the possibility of producing green hydrogen, it is worrying that such amount of money is landing in national or supra-national projects, in which **citizens and local authorities do not participate nor benefit.**

Italy investing in energy communities

In some countries, the RRF had been an opportunity for the local and regional authorities to fund the **creation of energy communities**. Italy, which received so far about EUR 29 billion in grants, was able to invest **EUR 2.2 billion** for the promotion of renewables for energy communities and self-consumption. What is even more interesting is that the funds were directed toward municipalities with fewer than 5 000 inhabitants. Italian authorities hope that such energy communities will spread to larger urban centers. This investment is part of a broader goal from the Italian government to build up to 6 000 energy communities to help achieve the goal of 6 GW per year of renewable energy capacity as the 2030 ambitions require.

Supporting living labs for the energy transition in Germany

In Germany, part of energy-dedicated resources has been allocated to support municipal living labs for the energy transition. **EUR 22.8 million** is going to help develop the German government's initiative of **municipal living labs which test innovative technologies at an industrial scale** since 2019.

Some of these labs are proposing very interesting bottom-up designed initiatives like **DELTA**, a living lab for the Energy Transition in Darmstadt.

DELTA is creating interconnected and energy-optimized neighborhoods, especially using industrial waste heat. The aim is to reduce CO2 emissions of the city by 14 500 tons per year in the long term. The DELTA projects have been designed with SMEs, large-scale industrial companies, research institutions, and municipal enterprises.

Another interesting living lab is the [TransUrban.NRW](#). This lab focuses on transforming traditional district heating supply regions in coal-mining areas into low-carbon supply systems. It changes the role played by district heating network operators and municipal utilities, transforming them into providers of digital energy platforms and customers into “prosumers”.

Getting Spanish administration fit for the transition

As part of the Spanish Recovery and Resiliency Plan, the national administration will benefit from an [energy transition plan](#), supported by **EUR 1 070 million**. 70% of these funds will be dedicated to infrastructure, improving energy efficiency through the renovation of public buildings, and developing renewable energy. They set the following goals:

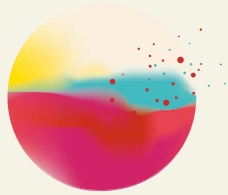
- Complete the **energy refurbishment** of 14 000 m2 of buildings in 2024 and 1 000 000 m2 in 2026 to reach 30% of energy saving.
- Achieve 80% **self-consumption** rate of the renewable energy produced, which will help to reduce operating costs.

The other 30% of the funds will be supporting mobility measures such as the replacement of 7 000 vehicles with low-emission ones for 2024. Various other goals have been set, such as to reuse, recycle or upgrade 70% of the waste. What is even more interesting in this plan is that **small municipalities (under 5 000 inhabitants) are a priority** for the implementation of these measures.

WE NEED MORE AMBITIOUS AND LOCALLY DRIVEN NRRPs

The drafting of the REPowerEU chapters is about to begin for EU Member States. Local and regional stakeholders must **seize this opportunity** to integrate projects that are directly funding the ecological transition at the local level.

There is an urgent need for more ambitious and locally driven measures to be integrated into the NRRPs.



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