The Green Transition in the Recovery and Resilience Fund

Green Transition under the European Recovery and Resilience Facility

Interreg Europe Policy Learning Platform

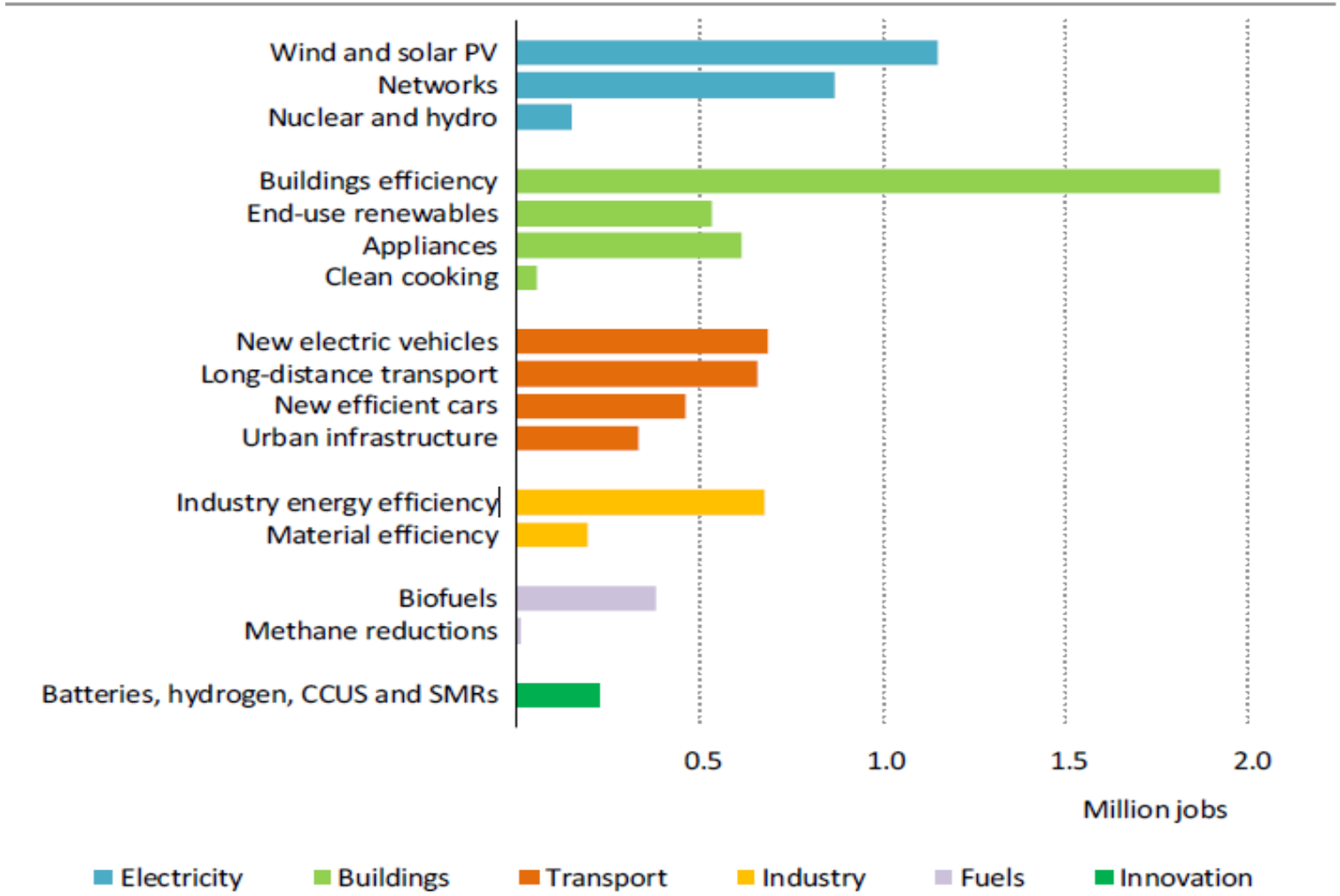
2 March 2021

Adela Tesarova

DG Energy, European Commission

Clean energy transition & green recovery

Annual average jobs created in constructing and manufacturing projects per policy area (IEA)



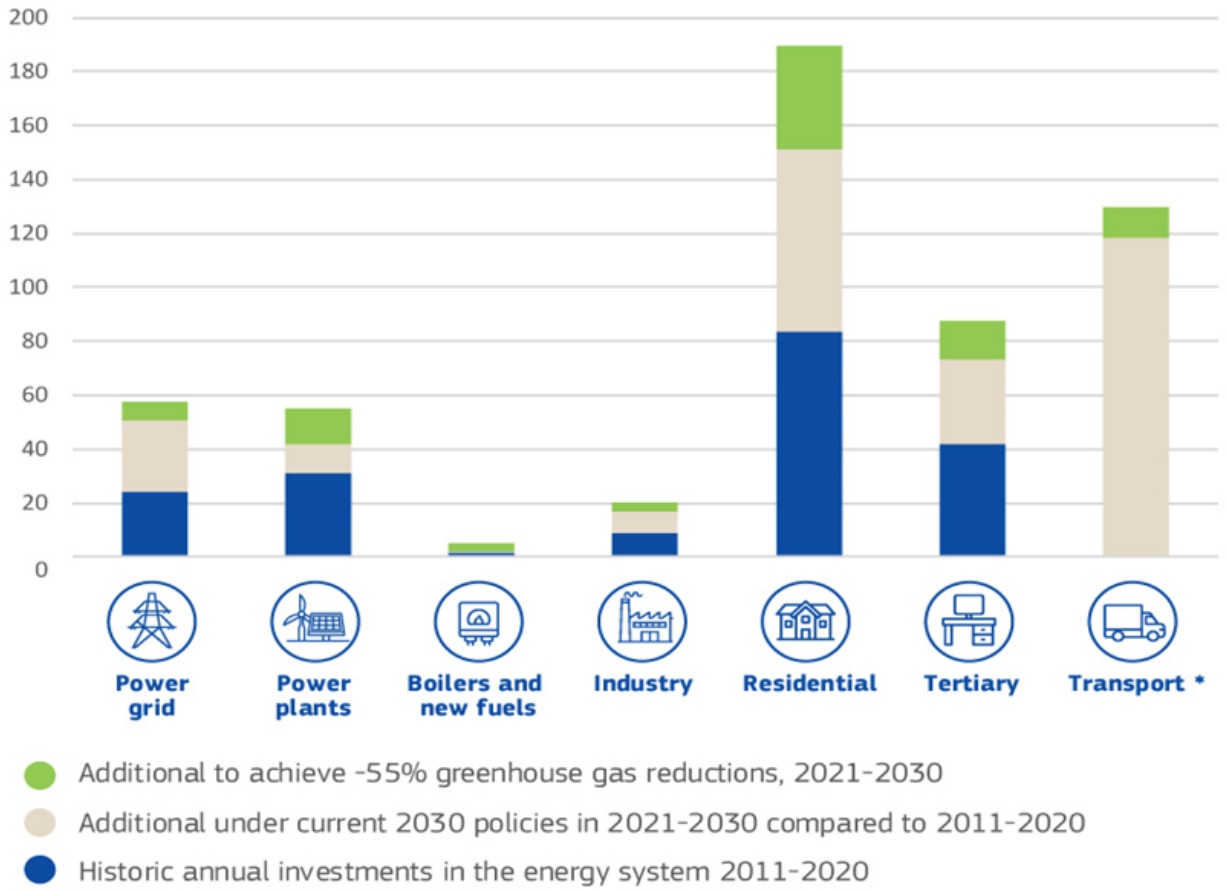
Nearly 9 million new jobs would be created on average each year by the sustainable recovery plan; around 35% of these jobs would be in the buildings sector.

European Commission

Investment opportunities

- 2030 energy and climate targets to drive investments across the economy
- Buildings, power grid, generation, transport main investment areas
- Average annual investment in the energy system will need to be ca. EUR 350 billion higher in 2021-30 than in 2011-20.

Average annual investment 2011-2020 and **additional investment 2021-30**
under existing policies and to achieve -55% greenhouse gas emission reductions
(in billion EUR 2015)



* transport only shows additional investment

Source: PRIMES model

European Commission

Green aspects of the recovery and the RRF

European Green Deal - the EU growth strategy - both the **engine** and the **compass** of the European recovery efforts.

"…we should invest in the new economy to come out of the crisis in better shape than we went into it, fit for the future: sustainable, inclusive, competitive and prepared."

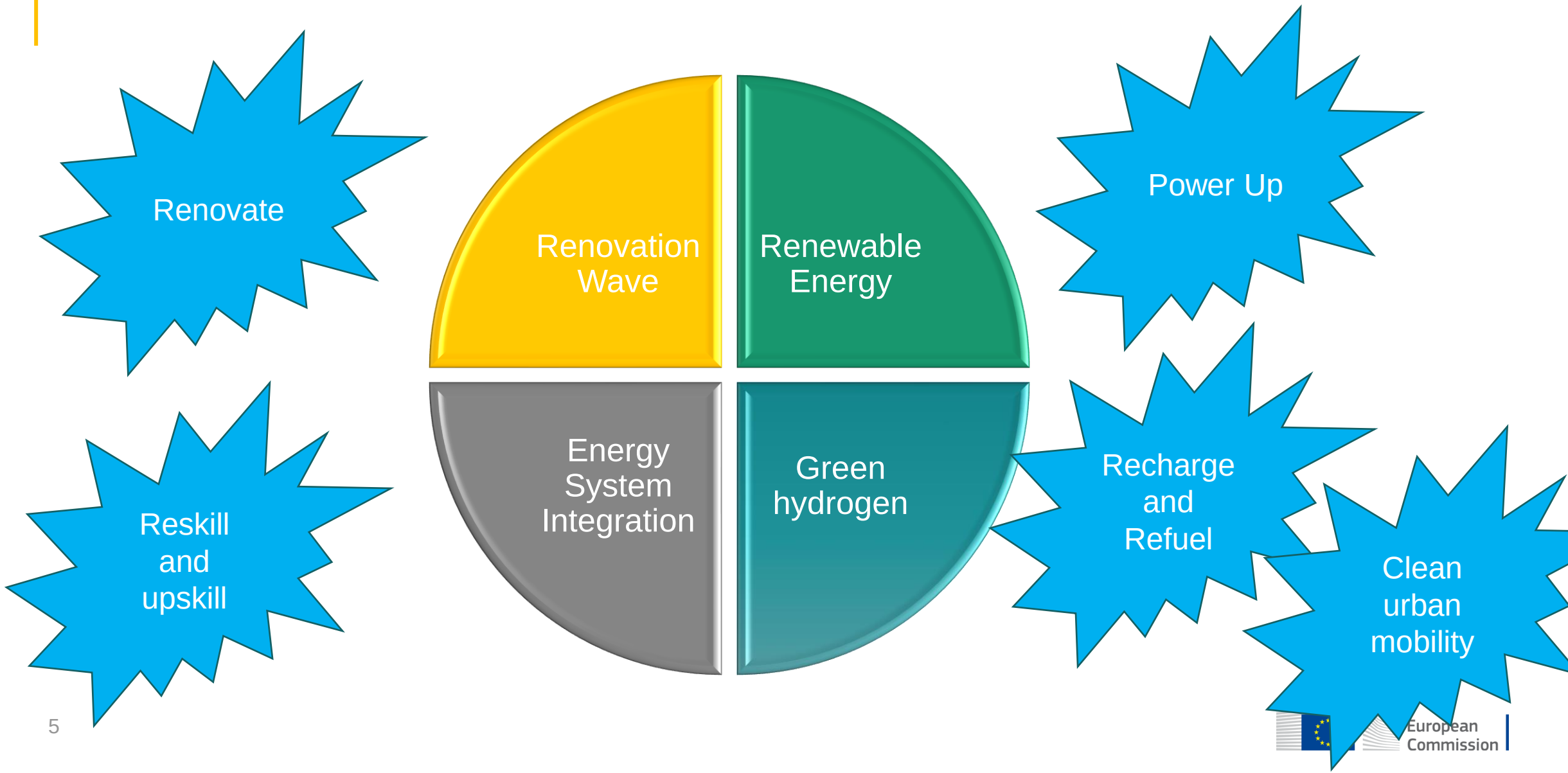
/EVP Timmermans/

The Recovery and Resilience Facility

- **Grants and loans** for national **Recovery and Resilience Plans** defined in line with the objectives of the European Semester, link to National Energy and Climate Plans, cohesion policy programming and just transition programming.
- **€672.5 billion** – with at least **37%** (up to **€249** billion) to be dedicated to the supporting climate objectives – RRF can be the **largest fund** under the MFF to support green (energy) transition
- **Green energy reflected in the flagship areas for reforms and investment** under Recovery and Resilience Plans (building renovation, renewable energy and hydrogen, modernization of networks)
- An **opportunity to frontload green (energy) reforms and investments & speed up decarbonisation**

European Commission

Energy priorities and recovery flagships

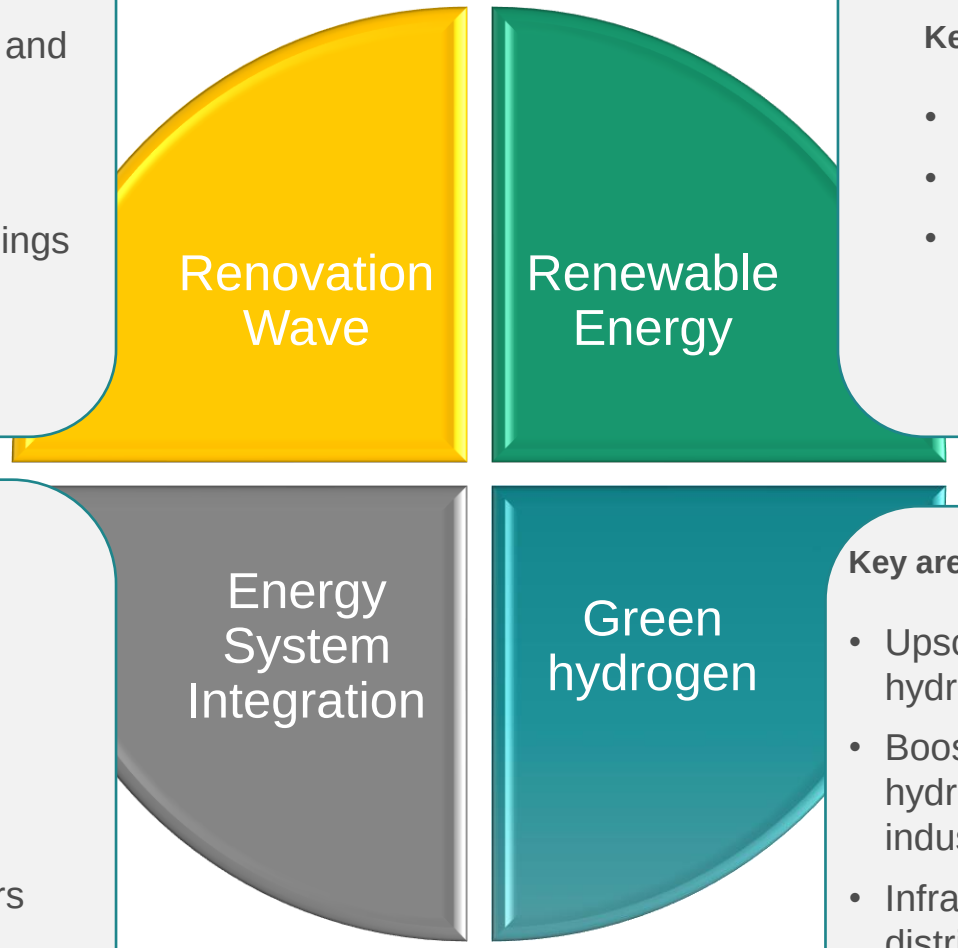


European Commission

Priority areas for energy investments

Key areas:

- Energy renovations in public buildings and social infrastructure, including through engagements of Energy Service Companies (ESCOs)
- Energy renovations of residential buildings
- Energy efficiency in SMEs (buildings)



Key areas:

- Renewable Power Generation
- Renewable-based heating and cooling
- E-mobility based on renewables

Key areas:

- Transmission and distribution infrastructure
- Smart grids
- Storage infrastructure
- District heating and cooling
- Direct electrification in end-use sectors
- Industrial energy efficiency and EE by SMEs
- Infrastructure for CO2 transport

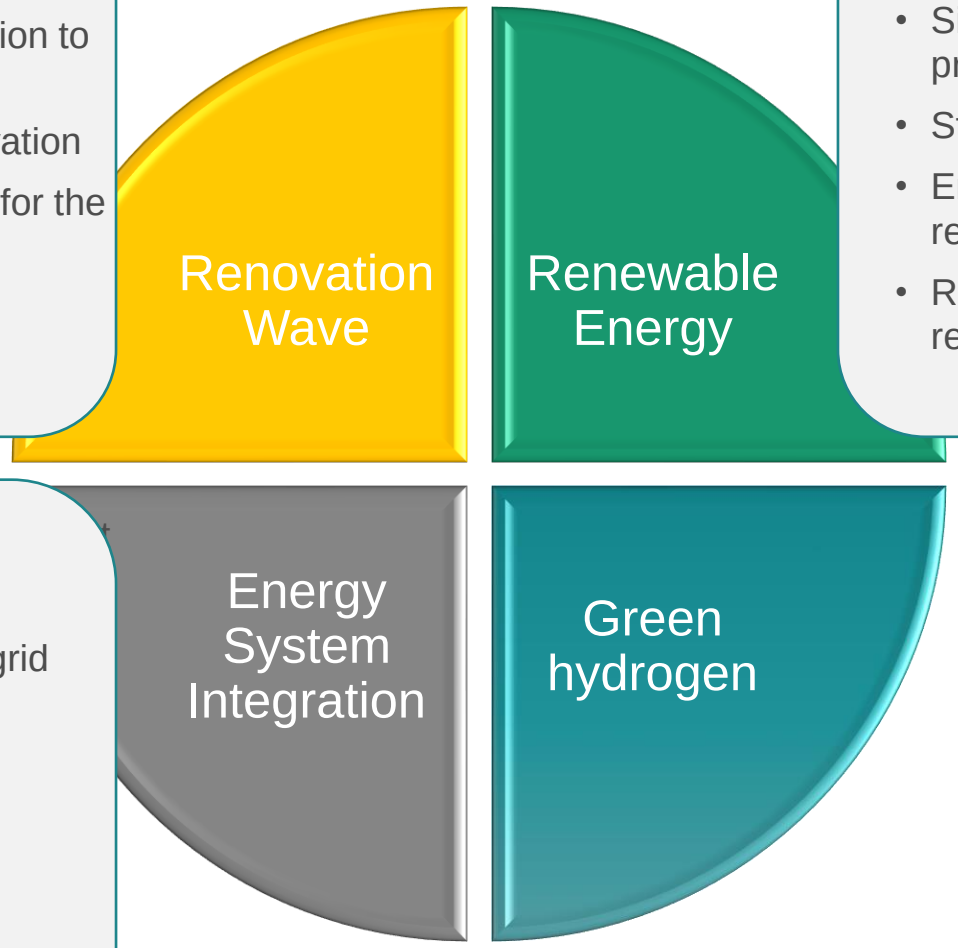
Key areas:

- Upscaling electrolyser capacity for green hydrogen production
- Boosting the use of green or low carbon hydrogen in end-use sectors [transport, industry]
- Infrastructure for the transmission and distribution of hydrogen

Priority areas for energy reforms

Key areas:

- Remove barriers to building renovation to increase renovation rates
- Increase the depth of building renovation
- Introduce refurbishment obligations for the worst performing buildings
- One-stop-shop for energy efficiency projects
- Skills of construction workforce



- Simplification and shortening permitting process
- Streamlining public acceptance initiatives
- Ensure long-term visibility and continuity in renewables auctioning
- Remove existing caps on self-generated renewables;

Key areas:

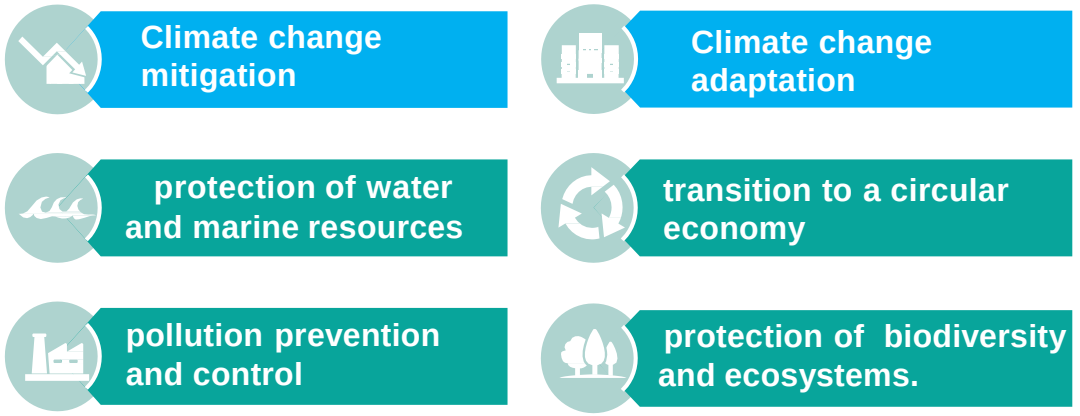
- Coordination renewable capacity / grid development
- Grid connection
- Integrated infrastructure planning
- Regulatory aspects for the market integration of: renewables, storage, demand-side-response

Climate tracking

- At least **37%** of each RRP's total allocation need to **support climate objectives** and contribute to the 30% MFF target (20% of each RRP's total allocation need to support digital objectives)
- **Climate, environment and digital tracking methodology:** Annex VI (VII) of the Recovery and Resilience
- Member States should **specify and justify** whether and to what extent each measure contributes to the climate objective with a coefficient of **100%**, **40%**, or has no impact **(0%)**.
- A number of measures in **renewable energy** and **energy efficiency** can be tracked with a **100%** climate coefficient. There can also be close synergies between climate, environment and digital, e.g. circular economy contributes 100% to climate, some measures, such as smart grids, meet both **the climate and digital marker.**
- Methodology to be used **accordingly** for measures that **cannot be directly assigned** to an intervention field listed in Annex VI. In addition, individual coefficients **could be uplifted** to take account of **accompanying reforms** measures that **credibly increase their impact**

Do No Significant Harm (DNSH) principle for RRF

- The **DNSH principle** is defined in the **Taxonomy Regulation**.
- Member States must explain in the RRPs how the DNSH principle is respected, **for each proposed measure** (reform or investment) and for each environmental objective.



- Commission guidance and checklist on the application of the **DNSH principle** of the RRF Regulation helps Member States to:
  - Determine if DNSH assessment for a specific objective is needed
  - Perform the assessment where necessary
- Measures with a **100% climate marker are considered compliant with DNSH** for the relevant objective to which the measure is contributing.
- Measures with a **40% climate marker** can, in some cases, be subject to a simplified DNSH assessment for the relevant objective to which they are contributing

Green assessment criteria for RRPs

RELEVANCE	EFFECTIVENESS	EFFICIENCY	COHERENCE
1. Comprehensive and adequately balanced response to the economic and social situation	7. Lasting impact across the plan	9. Reasonable and plausible total costs across the plan	11. Measures are coherent across the plan
2. All or a significant subset of existing country-specific recommendations or challenges identified under the European Semester	8. Effective monitoring and implementation of the plan	***10. Control systems for the plan***	
3. Growth potential, job creation, and economic, institutional and social resilience of the Member State; Social Pillar, promotion of policies for children and youth			
4. Do no significant harm			
5. Green Transition (a) green transition incl. biodiversity, EU 2030 climate targets, climate neutrality by 2050; (b) 37% climate mainstreaming; (c) lasting impact			
6. Digital Transition			

*Notes: Criteria in **bold** need to receive **A** for the final plan to comply with the assessment criteria. Criteria in **bold and italics** need to receive an **A** in practice too (only A or C can be awarded for these binary criteria) as for the overall plan to pass no C's are allowed.*

European Commission