# THE PATH TOWARDS A SOCIALLY JUST FIT FOR 55 PACKAGE

HOW HAVE SOCIAL ELEMENTS OF THE FIT FOR 55 PACKAGE EVOLVED IN THE CONTEXT OF THE CLIMATE, ENERGY, AND COST-OF-LIVING CRISES?

Sanna Markkanen - Krisztina Zálnoky - Francesco Giannelli









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European Political Foundation - N° 4 BE 896.230.213 Avenue des Arts 46, 1000 Brussels (Belgium) www.feps-europe.eu @FEPS\_Europe



#### FRIEDRICH EBERT STIFTUNG

EU-Office Brussels Rue du Taciturne 38, 1000 Brussels (Belgium) www.brussels.fes.de @fes\_brussels



### UNIVERSITY OF CAMBRIDGE INSTITUTE FOR SUSTAINABILITY LEADERSHIP (CISL)

Head Office.
The Entopia Building.
1 Regent St, Cambridge. CB2 1GG, UK.
www.cisl.cam.ac.uk
@cisl\_cambridge

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### **EXECUTIVE SUMMARY**

In recent years, the deteriorating climate crisis has underscored the importance of urgent and ambitious action to reduce emissions. To this end, the EU has announced a climate neutrality target for 2050, and launched the European Green Deal, which set out an environmentally and socially sustainable economic growth strategy for the region. The delivery of the climate neutrality target and the European Green Deal are supported by an interim target to reduce CO<sub>2</sub> emissions by at least 55% by 2030, compared to 1990 levels. A package of legislative proposals, titled the Fit For 55 package, was published by the European Commission in 2021 to map out the pathway to achieving the 2030 climate target.

However, in the current context marked by a severe energy price hike and the cost-of-living crisis, socioeconomic and environmental considerations have gained growing momentum. The general public, civil society organisations and various campaign groups are getting increasingly anxious that new climate policies could exacerbate existing inequalities if the costs and benefits of the transition are not equitably distributed. This concern is also being exploited by some industrial incumbents and far-right movements to secure support for their agendas.

These current contextual conditions have increased the need for the decision making on climate policies to consider not only their impact on climate and environment, but also on households, communities and society as a whole. A key risk is that climate policies that are regarded as being 'unfair' or as further increasing the financial pressures on struggling households may lose public support. It is now widely acknowledged that climate policies need to be socially just to be widely acceptable and therefore effective in driving the transformation towards climate neutrality.

This policy study assesses how the inclusion of social issues in climate policies has evolved during the approximately 12-month period following the proposal of the first part of the Fit for 55 package by

the European Commission in July 2021. It focuses primarily on the European Parliament negotiations on four climate policy files that could potentially have significant positive or negative social impacts:

- 1. the  ${\rm CO_2}$  emission performance standards for new passenger cars and new light commercial vehicles
- 2. the Renewable Energy Directive (RED)
- 3. the Energy Efficiency Directive (EED)
- 4. the Emissions Trading System (ETS) for buildings and transport

The policy study, which is based on mixed methods analysis, shows that certain social issues gained prominence during the parliamentary negotiations of the selected Fit for 55 package files. This change was largely driven by socioeconomic and geopolitical circumstances. The results of the quantitative analysis, based on frequency counting of selected key terms relating to social considerations, reveal that each of the selected files has a slightly unique focus in terms of social aspects. For example, in the CO<sub>o</sub> standards for cars and vans, the most frequently cited terms are 'just transition', 'jobs' and 'employment'. 'Jobs' and 'employment' also appear several times in the Renewable Energy Directive (RED), alongside 'energy poverty'. In the Energy Efficiency Directive (EED), terms such as 'energy poverty', 'vulnerable' and 'low-income' receive the largest number of mentions. In ETS2, which is by far the most controversial of the files included in this analysis, 'energy poverty', 'mobility poverty' and 'vulnerable' are mentioned most often.

The research results point out the differences between the original Commission proposal, the Parliament's proposed amendments and the final text adopted by the Parliament. As demonstrated by the quantitative analysis, certain key terms referring to social considerations appeared much more frequently in the Parliament's proposed amendments and the final text adopted by the Parliament, than in the Commission's original proposal. However, not all proposed edits

There is no climate action without social justice, and vice versa. Progressive groups believe in this. Yet social and climate objectives are often presented as conflicting with each other, even when this is not the case.



relating to social issues were included in the final text adopted by the Parliament: certain key social issues that were discussed extensively during the parliamentary negotiations were omitted from the final text. An illustrative example is 'transport poverty' in the Energy Efficiency Directive. The results of the qualitative analysis underlined that, while MEPs especially from the Greens and S&D supported the inclusion of this term, equally strong opposition from elsewhere ultimately led to its exclusion.

The qualitative results illustrate the complexity of the decision making in the Parliament, the effect of geopolitical factors on the capacity of MEPs to take decisive and ambitious action, and the influence of interest groups and industrial lobbies. Additionally, these results reveal a key shortcoming of the parliamentary procedure in the absence of the Committee on Employment and Social Affairs as an opinion-giving committee, even though several issues relating to employment and skills feature extensively in the negotiations, especially in relation to the RED and the CO<sub>2</sub> standards for cars and vans.

The policy study highlights certain challenges and opportunities that lay ahead for policymakers concerning delivering a socially just Fit for 55 package:

 While the inclusion of a clear definition for 'energy poverty' in the EED was welcome, the need to develop equally clear and unified definitions for numerous other social considerations was highlighted by several interviewees. The lack of a coherent and shared understanding of the social aspects of climate policies can jeopardise the effective implementation of the Fit for 55 package, leaving room for divergent interpretation of these terms.

- In the context of the energy and cost-of-living crises, the potential benefits of the accelerated deployment of renewable energy and enhanced efficiency have become more prominent. However, it is important to ensure that large-scale renewable energy projects bring benefits, rather than disadvantages, to the local communities.
- There is a pressing need to ensure that the benefits from interventions such as subsidies to improve energy efficiency and to increase renewable energy deployment by households will accrue to those who need them most.

In summary, this policy study shows how and why social issues have increased in prominence during the parliamentary negotiations of the selected Fit for 55 package files, largely as a result of the changing economic and geopolitical circumstances as well as the growing impacts of the climate crisis. However, several elements of the files leave room for improvement. Two key areas where further progress could be made is the development of clear definitions for crucial terms, and explicit reference to the most severely affected social groups. Additionally, some of the research participants thought that the challenges associated with upskilling and reskilling would have warranted more detailed and comprehensive discussions in the Commission's proposals.

The EU's Fit for 55 package could have the potential to drive a socially just transformation towards a climate neutral economy. However, to deliver on this, it is more important than ever to strengthen solidarity among the member states and embed social considerations into the key climate policy files.

# INTRODUCTION

### INTRODUCTION

In response to the worsening climate crisis, the EU made a historic move in December 2019, announcing a climate neutrality target for 2050. This means that the EU aims to cut greenhouse gas (GHG) emissions to as close to zero as possible by 2050. The climate neutrality target was followed in 2020 by the launch of the European Green Deal as the new economic growth strategy for the EU. It was designed to deliver a strengthened European economic, as well as social, health and environmental benefits in addition to the long-term climate target. In 2021, the EU also adopted a new short-term climate target to achieve an at least 55% reduction in CO<sub>2</sub> emissions by 2030, compared to 1990.

A package of legislative proposals to deliver this 2030 target was published by the European Commission in July 2021. The objective of this so-called Fit For 55 package was to map out the pathway for the bloc to achieve the interim 2030 climate target and to solidify the EU's global leadership through action, and to support a green economic recovery from the Covid-19 pandemic. The first part of the package, which was published by the European Commission on 14 July 2021, outlines interconnected revisions to eight existing EU regulations and directives, and introduces five new policy measures.

The member states will need to deliver the new targets outlined in the Fit for 55 package within a radically shifting context. Since July 2021, European nations have faced multiple challenges and crises. In 2020, the first year of the Covid-19 pandemic had already exposed many inequalities within the EU, including the gap between well-off and low-income households and the differences in member states' ability to provide protection and support to struggling households and businesses during crises. Since the summer of 2021, frequent and widespread extreme weather events have intensified

concerns over climate change, while soaring energy prices, accelerated by Russia's war on Ukraine, have resulted in high inflation, energy security concerns and increasing fuel poverty rates.

These events have underscored the importance of urgent and ambitious climate action through demonstration of the devastating effects that unmitigated climate change could have on Europe, and through highlighting the benefits that the clean energy transition could have. For example, increasing the prominence of low-carbon and energy efficiency technologies could address the energy security and energy price crisis and have health benefits. Studies have shown, green Covid-19 pandemic recovery policies had greater potential than other policies to generate widespread benefits, including emission reductions, boosting employment and serving long-lasting economic benefits.<sup>1</sup>

However, the cost-of-living crisis has also given rise to growing concerns over the potential distributional impacts of climate policies, increasing awareness among policymakers that the transition to a low carbon economy must be socially just to avoid exacerbating inequalities across the society. At the end of 2022, it was widely accepted that the EU needs to build greater resilience against climate change and reduce GHG emissions, but debate is rife over how these goals can best be achieved. The varying opinions have translated into extensive efforts by industry associations, environmental organisations and special interest groups to influence negotiations in the European Parliament.

On one side of the lobbying efforts are the those who emphasise the need for MEPs to take decisive action on climate change by supporting greater investment in renewables and the decarbonisation of homes, transport, and industrial operations. The proponents of this approach acknowledge that considerable investment is needed to deliver the transition, and that certain costs and losses are unavoidable. However, these proponents remain convinced that policies *can* be implemented in a fair way – in other words, by ensuring that the costs are borne by those who can afford them, while the benefits accrue to all in the form of lower energy costs, reduced vulnerability to fluctuating fossil fuel prices and improved energy security.

On the other side of the lobbying efforts are those who oppose ambitious climate targets for cost reasons, arguing that the transition to a low-carbon economy would unfairly disadvantage certain sectors of the economy, workers in sectors that will contract in size or disappear, the poorest member states, and the lowest income households. This 'social agenda' is also being misappropriated by right wing movements and incumbent industries to achieve support for their position. The negotiations in the European Parliament, which constitute a fundamentally important element of the EU's legislative process, were always bound to be difficult on a large policy package such as Fit for 55.

However, the extensive lobbying efforts by parties described as a "tsunami of lobbying"<sup>2</sup> by MEP Pascal Canfin – further challenged the negotiations which took place in an already complex context. As directly elected representatives of their home countries, the 705 Members of the European Parliament (MEPs) are under pressure to promote their national priorities, and to support the core agenda of their political group.<sup>3</sup> In the European Parliament, the MEPs, who represent the 27 Member States, are divided into seven political groups as per their party affiliation. During the parliamentary process for the policy files that were selected for analysis in this policy study, the MEPs had to come to an agreement on a shared position on each file ahead of the trilogues4, which commenced in late summer 2022. In the trilogues, the content of each legislative proposal published by the Commission in July 2021 is discussed in detail, with the Parliament

and Council both proposing amendments to specific articles. To have a strong negotiating position in the trilogues, the Parliament needs to be united behind its proposed amendments.

This policy study details how the inclusion of social issues evolved during the approximately 12-month period from July 2021. It focuses primarily on the negotiations in the European Parliament on four climate policy files that that have the potential to have the greatest positive or negative social impacts and were published in the first part of the European Commission's Fit for 55 package in July 2021.

#### These are:

- the CO<sub>2</sub> emission performance standards for new passenger cars and new light commercial vehicles
- 2. the Renewable Energy Directive (RED)
- 3. the Energy Efficiency Directive (EED)
- the proposal for an Emissions Trading System (ETS) for buildings and transport.

The purpose of the research that informs this policy study was to understand how and why social issues have become increasingly relevant for EU climate policy; how the concerns over social impacts have informed the EU climate policy discourse; what the driving forces have been behind the greater integration of social and climate policy; and how well the growing importance of social consideration has been reflected in the Parliament's proposed amendments to the Commission's original proposals.

the context of the climate, energy, and cost-of-living crises?

### APPROACH / METHODOLOGY

Our research used a mixed methods approach, including a non-systematic literature review, quantitative analysis, an in-person workshop (held in Brussels on 26 September 2022 under the Chatham House Rule of comments being reported anonymously) and five semi-structured online interviews with MEPs who had been involved in the negotiations, and their assistants.<sup>5</sup>

The purpose of this research project has been to address the questions below.

- 1) What social issues and potential social impacts were mentioned in the Commission's original policy proposals (July 2021) for the selected files?
- 2) What geopolitical and societal developments have led to social issues being subject to growing attention within the EU over the past 12 months?
- 3) How has the growing awareness over social challenges and opportunities been reflected in the Parliament's proposed amendments to the Commission's original proposals on the selected policy files?
- 4) What specific proposals has the European Parliament made in reference to social issues in its agreed (Plenary) position on the selected policy files?

The approach consisted of four main steps.

Step 1: Review of the European Commission's original proposals. Using automated word search, we counted the number of times that certain key terms relating to social issues appeared in the selected policy proposal documents (the full list of the search terms and full results are available in Annex 3 of this policy study). We then collected information about how reference is made to these issues and about how they are discussed.

Step 2: Non-systematic review of the key events taking place since 14 July 2022 that have substantially influenced the climate discourse and focus on social issues. A review of grey literature and newspaper coverage was carried out to identify the key events that may have influenced the way in which social and climate discourses have become linked with each other. These results were complemented with qualitative data collected from the in-person workshop and from semi-structured online interviews.

Step 3: Analysis of the leading parliamentary committees' proposed amendments to the selected files and the Parliament's agreed final positions. Using the same approach as described in Step 1, we reviewed the leading EU parliamentary committees' proposed amendments to the four selected climate policy files and the Parliament's agreed positions. We then restricted further search to the key terms and concepts that appeared in each file to understand the level of detail in which they were discussed.

Step 4: Comparison of how social aspects are covered in the Commission's original proposal and the Parliament's agreed position for the relevant files. This involved comparing the number of times the key terms used relating to social issues were present in the Commission's original proposals and the Parliament's agreed position for each of the four policy files.

Qualitative data from the workshop and the interviews, together with textual analysis, was used to develop some understanding of how and why certain terms referring to social issues appeared more (or less) frequently in the Parliament's agreed position than in the Commission's original file. The non-systematic review of available literature in Step 2 also assisted us in carrying out this analysis.

### **OUTLINE OF THE POLICY STUDY**

Section 2 of this policy study introduces the key element of the European Commission's proposal for the Fit for 55 package, with a particular focus on the four files selected for our analysis. It then elaborates on the results of both the quantitative and qualitative research, including the views of MEPs and stakeholders as regards the coverage of social considerations in the Commission's original proposals.

Section 3 outlines the parliamentary process including the key milestones relevant for the files selected for our analysis.

Section 4 presents a comprehensive analysis of the key amendments proposed by the Parliament in relation to each of the files, and provides concrete examples of amendments that were successfully included in the text adopted by the Parliament or that were omitted. The analysis in this section draws on both the qualitative and quantitative data collected in our research, including from the review of publicly available statements from MEPs.

Section 5 then makes some concluding comments.



# THE EUROPEAN COMMISSION PROPOSALS

# THE EUROPEAN COMMISSION PROPOSALS

# INTRODUCTION TO THE FIT FOR 55 PACKAGE

The Fit for 55 package is a crucial component of the European Green Deal,<sup>6</sup> the EU's new growth strategy that is intended to deliver economic growth and achieve a climate neutral economy by 2050. As a short-term target, the EU is to reduce GHG emissions across its whole economy by at least 55% (compared to 1990 levels) by 2030. It outlines interconnected revisions to eight existing EU regulations and directives, and introduces five new policy measures.

The communication from the European Commission<sup>7</sup> on the package emphasises the multiple benefits that fast and ambitious climate action can have on households, communities and businesses. The costs and benefits, and potential policy pathways to achieving the 2030 target, were assessed in the European Commission's impact assessment.<sup>8</sup> This assessment, which was published in September 2020, demonstrated that greater climate ambition could also result in economic gains – a finding that has since been reiterated in various forums, including that of the European Central Bank.<sup>9</sup>

However, the Commission's official communication around the package acknowledges that the transition to a climate neutral economy will be disruptive. Some sectors will decline in size or disappear, while others must adapt and potentially amend their existing business models. The costs and benefits of the transition may not be equally or equitably distributed without extensive and dedicated efforts on the part of policymakers to ensure this. In the current context of rapidly rising prices for food, fuel and energy, this has become a great concern to some policymakers, who fear that some of the policies may result in a public backlash akin to the *gilets jaunes* protests

that erupted in Paris in December 2019.

The support of the general public for the Fit for 55 package is crucial to ensure its successful delivery. Although much of the onus is on the member state governments to implement concrete policy instruments to deliver on the Fit for 55 targets, businesses, communities and consumers also need to contribute to the targets and buy into them. The challenge of implementing such a large number of ambitious policies across diverse member states with varying levels of resources should not be underestimated. Nor should the challenge of supporting businesses and communities through the transition. It will be critical that the package facilitates an economic transformation that is just and fair, improving the health, well-being and prosperity of all EU residents.10

Our analysis in this policy study focuses on three policy files that present revisions to existing policies - the revised CO<sub>2</sub> emission performance standards for new passenger cars and new light commercial vehicles, the Renewable Energy Directive (RED), and the Energy Efficiency Directive (EED). Our analysis also covers one of the new policy proposals, the so-called ETS2, which is a plan to establish a new and separate Emissions Trading System (ETS) for road transport and buildings in order to complement the existing ETS. Each of these files is briefly described below, followed by a short summary of the key social issues related to the policy proposal. Drawing on the qualitative data and review of publicly available statements by MEPs (including on Twitter and LinkedIn, and in blogs and interviews), we can see that each of the files, apart from the ETS2, is expected to generate some social benefits. However, there are also concerns over potentially adverse impacts, and how these will be mitigated and prevented.

### CO2 EMISSION PERFORMANCE STANDARDS FOR NEW PASSENGER CARS AND VANS

Transport has a key role to play in achieving climate neutrality by 2050. As part of the Fit for 55 package the European Commission proposes amending Regulation (EU) 2019/631 to strengthen the CO<sub>2</sub> emission performance standards for new passenger cars and new light commercial vehicles. These measures are intended to benefit consumers and stimulate innovation in zero-emission technologies across the automotive industry value chain.<sup>11</sup> The key revisions proposed by the European Commission are set out below.

- A requirement for the fleet of new cars to reduce emissions by 55% by 2030 and by 100% by 2035 compared to 2021. The fleet of new vans has to reduce emissions by 50% by 2030 and by 100% by 2035. In practice, this means that the sale of new cars and vans that run on petrol or diesel will be banned from 2035.
- New limits to the derogations to the regulation are only to apply to manufacturers responsible for less than 1,000 new vehicle registrations per calendar year from 2030 onwards (such as Porsche).
- Increased powers to the European Commission over the verification of CO<sub>2</sub> emissions, and an obligation for the Commission to report on progress towards zero-emission road mobility and to assess the need for new measures.

#### THE RENEWABLE ENERGY DIRECTIVE (RED)

The Renewable Energy Directive (RED)<sup>12</sup> sets an EU-level target of 40% and requires each member state to adopt a national renewable energy action plan. This sets out their national targets for the share of energy from renewable sources consumed in transport, electricity, and heating and cooling. It also sets out adequate measures to achieve these targets. The key revisions to the RED proposed by the European Commission include:

- an increased target of 40% for the production of energy from renewable sources (although the Commission later proposed increasing this target to 45% in the REPowerEU Plan);<sup>13</sup>
- specific targets for renewable energy use in transport, heating and cooling, buildings, and industry;
- plans to ensure that modern district heating and cooling systems are developed to harness local renewable energy such as geothermal, ambient and solar thermal sources;
- new incentives for the deployment of the infrastructure needed by electric vehicles (EVs), including a credit mechanism to allow charging point operators to contribute towards the target;
- additional measures to make permitting processes for new renewable energy installations more efficient and to further promote direct contracts between producers and consumers.

### THE ENERGY EFFICIENCY DIRECTIVE (EED)

The Energy Efficiency Directive (EED)<sup>14</sup> establishes a set of binding measures to help the EU reach its energy efficiency targets by setting obligations for all EU countries to use energy more efficiently at all stages of the energy chain. The key revisions to the EED proposed by the European Commission in July 2021 are set out below.

- Higher binding targets at the EU level for reductions in final (36%) and primary (39%) energy consumption by 2030, in line with the Climate Target Plan. These targets are supported by a system for member states to set their indicative national contributions based on a formula of objective criteria and benchmarks reflecting national circumstances.
- A new Energy Efficiency First principle to provide the legal basis for the requirement to consider energy efficiency solutions as the first option in planning and investment decisions, and when setting new rules for the supply side and other policy areas.

- A strengthened obligation on member states to achieve annual energy savings in end-use consumption, raising the annual target from 0.8% to 1.5% from 2024 until 2030.
- A number of modifications to existing requirements and criteria in heating and cooling to stimulate the use of waste heat and renewable energy, and to improve the efficiency of heating and cooling technologies, including district-based systems.
- A new obligation for the public sector to reduce annual energy consumption by 1.7% every year and to extend the coverage of the renovation obligation from central government buildings (approximately 1% of EU's building stock) to all public sector buildings (approximately 10% of EU's building stock), with stricter standards requiring 3% of the public sector stock (including hospitals, government buildings, schools and social housing) in each member state to be transformed into "nearly zero-energy buildings" every year.

## EMISSIONS TRADING SYSTEM (ETS) FOR BUILDINGS AND TRANSPORT (ETS2)

The EU Emissions Trading System (ETS) cap-and-trade mechanism governs the EU's emissions from power and heat generation, energy-intensive industrial sectors and aviation within the European Economic Area (EEA) by putting a cap on emissions to ensure that these sectors reduce their emissions by 43%, compared to 2005, by 2030.

In July 2022, the European Commission put forward a proposal to establish a new, separate ETS for road transport and buildings, 15 and a new Social Climate Fund (SCF) 16 to mitigate any adverse distributional effects of this. The new ETS, which is intended to cover buildings and transport, is generally referred to as the 'ETS2' to distinguish it from the current ETS covering the power sector and energy-intensive industries. In addition to the ETS2, buildings and transport are also to remain

covered by the Effort Sharing Regulation (ESR), which has thus far largely failed to drive any large-scale decarbonisation of buildings and transport despite the technologies needed for both being available.<sup>17</sup>

The idea behind the ETS2 is to provide the right price signal to speed up emissions reductions in buildings and transport. Because these sectors are characterised by small and distributed emission points, such as individual houses and cars, the ETS2 will apply to energy suppliers rather than consumers.<sup>18</sup>

The key components of the proposed ETS2 are set out below.

- A mandate requiring regulated entities (fuel distributors) to disclose the quantity of fuels sold, starting in 2024. From 2026, they would need to submit an equivalent number of allowances.
- An emissions cap, established in 2026 and to be steadily lowered to reach a 43% reduction in emissions by 2030, compared to 2005 levels.
- No free allowance would be allocated to fuel distributors. Instead, 100% of the allowances would be auctioned.
- A legislative proposal for a Social Climate Fund would address the indirect social effects of growing fuel and transportation costs.

### RELEVANT POLICIES CONNECTED TO THE FIT FOR 55 PACKAGE

To address the mounting concerns around the impacts of climate change, social issues and energy security, the Fit for 55 package is supported by other elements under the European Green Deal, namely the EU strategy on adaptation to climate change (24 February 2021)<sup>19</sup> and the European Council's recommendation on ensuring a fair transition towards climate neutrality (published on 14 December 2021 and adopted on 16 June 2022).<sup>20</sup>

The extent to which the Council's recommendation provides adequate safeguards for the EU's most vulnerable households has been questioned by multiple stakeholders because of its failure to place legally binding targets on member states and because it excludes any specific reference to the SCF.<sup>21</sup>

# COVERAGE OF SOCIAL ISSUES IN THE COMMISSION'S ORIGINAL PROPOSALS

The EU climate and energy files do not systematically include any analysis of the positive and negative distributional and social impacts of the proposed measures, beyond the European Commission's 2030 impacts assessment (published on 17 September 2020).<sup>22</sup> Although the impact assessment focuses primarily on the effects of different levels of emissions reductions on economic growth and employment, it concludes that the cost savings from improved health and improved air quality outweigh the additional costs of investing in more ambitious emissions reduction (ie, at least 55% rather than 50%). However, it also acknowledges that the higher level of ambition will have several distributional impacts at both household and member state level, which will need to be mitigated.

This policy study examines how social issues were covered in the Commission's original proposals for the four files that we selected for more detailed analysis. Our content draws predominantly on the quantitative and qualitative data collected during this research, including publicly available statements by MEPs who were involved in the parliamentary negotiations on the four policy files.

considerations includes instances where these terms and concepts are used to refer to potential benefits as well as adverse impacts. For example, 'jobs' or 'employment' may appear in relation to job losses or expected employment gains. Some terms and concepts, such as 'vulnerable' can also be used in a very non-specific way, for example to flag up that the policy may impact vulnerable households or consumers in a certain way. Very general terms, such as 'social' may appear in numerous different contexts and formulations, such as Social Climate Fund or social acceptability (or socially acceptable).

As shown in Table 1 (below), the word 'social' appeared in the Commission's proposals for each of the policy files covered in this analysis, although with varying frequency. The greatest number of general references to 'social' was found in the EED (94) recast, while the proposed revisions to RED recast had only two mentions.

### **RESULTS FROM QUANTITATIVE ANALYSIS**

The frequency count of the key search terms (see Annex 3 for a full list) that indicate social

TABLE 1: RESULTS OF THE FREQUENCY COUNT OF KEY WORDS IN THE ORIGINAL PROPOSALS BY THE EUROPEAN COMMISSION

File name  Key word	CO2 standards for cars and vans	Renewable Energy Directive	Energy Efficiency Directive	Revision of the EU Emissions Trading System (ETS2)
social impact(s)	1	0	1	2
social	13	2	94	19
inequality	0	0	0	0
inequalities	0	0	1	0
low-income/ low income	0	2	1	0
disadvantage(s)	0	0	1	0
disadvantaged	1	0	1	0
jobs	1	7	6	0
employment	5	6	3	1
unemployment	0	0	1	0
justice	0	3	1	0
just transition	2	2	2	0
quality of life	0	0	1	0
energy poverty	0	0	104	3
transport poverty	0	0	0	0
mobility poverty (only for ETS)	NA	NA	NA	2
poverty	0	0	1	0
cost of living	0	0	0	0
vulnerable	0	4	58	6
energy security (only for RED)	NA	0	NA	NA

However, 'social impacts' were mentioned much less frequently in all files, appearing only once in the EED and emissions standards for cars and vans, and being completely absent from the RED. Even in the ETS2, which has attracted extensive criticism for the adverse social and distributional impacts could cause, 'social impacts' earned only two mentions. One of these, however, was an important inclusion elaborating on auction revenue distribution rules, acknowledging the risk of negative distributional impacts being associated with the policy:

"the distribution rules on auction shares are highly relevant for any auction revenues that would accrue to the Member States, especially in view of the need to strengthen the ability of the Member States to address the social impacts of a carbon price signal in the buildings and road transport sectors." <sup>23</sup>

Considering that the files were drafted and published in the middle of the Covid-19 pandemic, which had highlighted many of the inequalities within the European societies and between the member states, it is surprising that 'inequality' is not mentioned at all in any of these four files. The plural form of the word ('inequalities') is mentioned once in the EED recast, calling for member states to ensure that sufficient flanking mechanisms are in place to avoid further exacerbation of existing inequalities:

"Member States should empower and protect all people equally, irrespective of their sex, gender, age, disability, race or ethnic origin, sexual orientation, religion or belief, and ensure that those most affected or put at greater risk of being affected by energy poverty, or most exposed to the adverse impacts of energy poverty, are adequately protected. In addition, Member States should ensure that energy efficiency measures do not exacerbate any existing inequalities, notably with respect to energy poverty."<sup>24</sup>

Across the four proposals, 'jobs' and 'employment' were mentioned most frequently in the RED and the new CO<sub>2</sub> emissions standards for cars and vans.

Most of these mentions appeared in text accompanying the legislative proposal, and tended to focus more on the jobs creation potential of these policies rather than the potential job losses. For instance, in the RED the section on impact assessment details that

"many of the policy options are projected to create jobs, in line with the envisaged green digital recovery. Positive employment effects are expected, especially in sectors linked to renewable energy, with an increase in employment and skills in the construction and energy supply sectors and shift in employment between the sectors." <sup>25</sup>

In the proposal on CO<sub>2</sub> standards for cars and vans, the proposal details that one of its specific objectives is to

"stimulate innovation in zero-emission technologies, thus strengthening the technological leadership of the EU automotive value chain and stimulating employment." <sup>26</sup>

Perhaps due to the timing of the launch of the Commission's proposals, before the cost-of-living crisis had accelerated to the current levels, there was no reference at all to 'cost-of-living' considerations in any of the four files. However, 'energy poverty' accrued 104 mentions in the EED and three in the ETS2 (in the EED, the high number of mentions is partially the result of the inclusion of the so-called explanatory memorandum in the Commission proposal). In the EED, energy poverty was mentioned frequently in relation to assumptions regarding the main beneficiaries of the directive as well as in reference to the challenge of delivering the policy in a socially equitable way by prioritising those who are living in energy poverty:

"Current building renovation rates are insufficient and buildings occupied by citizens on low incomes who are affected by energy poverty are the hardest to reach. The measures laid down in this Directive with regard to energy savings obligations, energy efficiency obligation schemes and alternative policy measures are therefore of particular importance."<sup>27</sup>

In the ETS file, 'energy poverty' was mentioned in relation to the need for adequate compensation for adversely affected households, considering that many already experience energy poverty:

"The introduction of the carbon price in road transport and buildings should be accompanied by effective social compensation, especially in view of the already existing levels of energy poverty."<sup>28</sup>

However, 'transport poverty' did not appear at all in any of the files included in this analysis. 'Just transition', which is largely considered to be a necessary prerequisite for retaining a high level of public support for the Fit for 55 policies, appeared only twice in the RED, the EED and the revised emissions standards for cars and vans. Interestingly, this term was not mentioned at all in ETS2, despite the controversy surrounding this policy focusing very much on the considerations of 'fairness'.

# MEP AND STAKEHOLDER VIEWS OF THE COVERAGE OF SOCIAL CONSIDERATIONS IN THE COMMISSION'S ORIGINAL PROPOSALS

The interviewees and focus group participants expressed frustration over the lack of systematic consideration and coverage of social issues in the EU's climate policy files. As one focus group participant commented:

"There is no climate action without social justice, and vice versa. Progressive groups believe in this. Yet social and climate objectives are often presented as conflicting with each other, even when this is not the case."

Another research participant noted that it is actually quite difficult to define exactly what we mean by 'social' because the connotations of this concept are not always clear-cut or explicit. In a very broad sense, almost anything relating to climate is social in one way or another because of the multifaceted

impacts that pollution and fossil fuel consumption have on health and because of the potential benefits that more sustainable technologies could bring to consumers, in addition to improving energy security.

The issue of definitions (or lack of them) arose particularly in relation to 'energy poverty' and 'vulnerable'. As several participants pointed out, the Commission's proposal for the EED recast includes a welcomed attempt to define 'energy poverty' (which the Parliament then sought to improve in its proposed amendments). However, there is no connection to this definition in the ETS2, which mentions the concept on three occasions. As suggested by the research participants, a shared definition for 'energy poverty', to be applied uniformly across all climate policy files (and perhaps also other legislation), would be most useful. A shared and agreed definition could make the different files more cohesive and help to avoid misunderstandings caused by different countries using different definitions. It would also make data on energy poverty rates (and reductions in them as a result of policy interventions) across the member states easier to compare.

The term 'vulnerable', it was argued, would also benefit from a standard definition. Although the term was used 58 times in the EED, six times in the ETS2 and four times in the RED, it is not clear who, or what kinds of households or communities, are in fact considered to be 'vulnerable'. As one of our interviewees suggested, agreement over the shared definitions for 'energy poverty', 'transport poverty' and 'vulnerable' should be a key priority, and the same definitions should be applied across all EU policy files seeking to deliver the European Green Deal.

The MEPs and other stakeholders who participated in our research also called for greater coverage of the gender and regional dimensions in the Fit for 55 files. As some participants emphasised, energy poverty and transport poverty are both gendered issues, and this should be acknowledged in the proposals. Similarly, female-headed households are more likely to be 'vulnerable' to cost increases and the

adverse impacts of badly designed or poorly implemented policy. One participant also mentioned that indigenous people should be acknowledged in the legislative files as a group that can be vulnerable to top-down decision making, for example when it comes to large-scale renewable energy projects or the mining of rare minerals and other raw materials that are needed for the energy transition.

Additionally, some of the research participants thought that the challenges associated with upskilling and reskilling would have warranted more detailed and comprehensive discussions in the Commission's proposals. In relation to employment and jobs, one interviewee suggested that, instead of forecasting, the Commission should work backwards from 2050 to see how the number of jobs and the demand for skills evolve over time.

In relation to the ETS2, much of the discussion revolved around the justification (or lack of it) for this policy, as well as the design and expected implementation of the Social Climate Fund (SCF).29 As part of the Fit for 55 package, the SCF was published as a separate policy instrument, but closely connected to the ETS2 and explicitly designed to address the potentially adverse distributional impacts of the Emissions Trading System to cover buildings and transport (ETS2). Although this file is not covered as a separate entity in this research project, it is relevant for the analysis, primarily because of the extensive criticism it has attracted - not only in relation to whether it is adequately resourced or fit for purpose, 30 but also for its raison d'etre: the fund was intended to compensate lowest income households for any increase in the cost of essential goods arising from the implementation of the ETS2 - a policy that could exacerbate inequalities and cause social unrest but fail to successfully incentivise the decarbonisation of heating and transport. 31, 32, 33

Qualitative data collected during this research reveal widespread concerns about the SCF. These concerns are discussed in Section 4 of this policy study (analysis of the Parliament's proposed amendments to the ETS2).

# WHAT HAS CHANGED IN THE EU CONTEXT SINCE THE COMMISSION'S PROPOSALS WERE PUBLISHED?

The context within which the Fit for 55 policies will need to be implemented has become increasingly complex since the European Commission published the first set of Fit for 55 policy files in July 2021. This is largely due to two main factors: increasingly pronounced impacts of climate change, and Russia's war on Ukraine in February 2022.

Since early summer 2021, exceptional heat, wildfires, and floods have resulted in huge economic and human cost across the continent. These bouts of extreme weather have highlighted the need for the EU to take urgent action to mitigate emissions and improve resilience with speed and determination. Only a few weeks after the publication of the Fit for 55 proposals in July 2021, the IPCC launched its Working Group I contribution to the IPCC's Sixth Assessment report,34 concluding that the role of human influence in causing global warming is indisputable. This report, referred to by the UN Secretary-General António Guterres as 'code red for humanity', confirmed that warmer temperatures are now affecting every region on the planet, with many of the changes becoming irreversible.35 In 2022, newspaper headlines cited scientific evidence linking record-breaking summertime temperatures across Europe<sup>36</sup> to climate change, warning that such events will likely become increasingly frequent as global GHG emissions continue to rise. 37, 38, 39

The other key event with severe impacts on the EU context is Russia's war on Ukraine, which has resulted in the largest refugee crisis in Europe since the end of the second world war, global food shortages and increasing energy prices, which are reflected in high inflation in most European countries. At the time of writing this report, the war is still ongoing and affecting the EU economy and energy security.

Even before the Russia's war on Ukraine, gas prices

had been rising rapidly due to various factors, including a global imbalance in demand and supply as economic activity picked up after Covid-19 lockdowns. The war in Ukraine – and the EU's subsequent determination to reduce its dependence on Russian oil and gas imports – aggravated an already bad situation, and accelerated the cost-of-living crisis.

Between July 2021 and July 2022, the wholesale gas price increased by fivefold,<sup>40</sup> while the price of gas for domestic EU consumers increased on average by 56% in the EU.<sup>41</sup> However, differing levels of protection offered by member state governments means that the price increase has not been uniformly felt across the bloc. For example, in Portugal strict government control limited the increase in gas price to end-consumers to a mere 10%,<sup>42</sup> while in Hungary prices actually *decreased* by 0.5%.<sup>43</sup> In Estonia, the price of gas went up by 154%,<sup>44</sup> but domestic consumers were largely protected against this by government subsidy programmes that capped the cost.

In countries where government support for consumers has been less extensive, energy poverty rates are rising rapidly. Increasingly, energy poverty no longer affects exclusively the lowest income groups and households on fixed income. According to some estimates, up to 7%<sup>45</sup> of the EU population experienced energy poverty in 2021, a number destined to increase due to the energy price surges in the first half of 2022. In fact, it is possible that energy poverty rates have already doubled as gas prices have continued to escalate in the second half of 2022.

The cost-of-living crisis and rising energy poverty have made questions around social justice, welfare, well-being, affordability and climate justice increasingly pertinent for EU policymaking across all policy files, including climate. Following Russia's war on Ukraine and the ensuing acceleration of the energy crisis in Europe, the EU has published several plans and proposals to mitigate and manage the impacts of rapidly rising prices and worsening energy security. Some of these plans and proposals are listed below.

- The REPowerEU plan (18 May 2022),<sup>46</sup> which is a proposal from the European Commission to end the EU's reliance on Russian fossil fuels before 2030. This plan proposes a new target of 45% for renewable energy in the EU by 2030.
- The Save Gas for a Safe Winter plan (20 July 2022),<sup>47</sup> which is a proposal from the European Commission for a new legislative tool and a plan to reduce gas consumption in the EU by 15% by spring 2023.
- The Commission's proposal for Enhancing Solidarity in the EU Gas Market (18 October 2022), which seeks to improve the functioning of the EU gas markets (to limit prices and volatility) during the energy crisis by introducing a joint purchasing tool and plans to improve efficiency and security of gas supply.<sup>48</sup>

The extent to which these proposals address the cost-of-living crisis and provide support for the most vulnerable has been called into question. Although the REPowerEU plan has been viewed quite favourably overall, it has been criticised for missing the opportunity to communicate explicitly how a well-designed and large-scale programme of energy efficiency improvements, in conjunction with greater renewable energy deployment, could provide a simultaneous solution to the energy security, climate and cost-of-living crises.<sup>49</sup> Some parliamentary groups, such as the S&D<sup>50</sup> and Renew Europe,<sup>51</sup> have called for more action in favour of vulnerable households. The REPowerEU plan has also been criticised by some NGOs for failing to provide sufficient measures to shield low-income households for winter, and for some of the proposed actions related to the electricity market design potentially failing to filter down to energy-poor and vulnerable households.<sup>52</sup>

The Save Gas for a Safe Winter package has attracted even more extensive criticism, especially from left-wing parties and politicians, for not taking sufficiently into consideration the impact of the measures proposed on vulnerable households.<sup>53</sup> While trade unions have welcomed the initiative, they have also underlined the need to complement it with investments in energy efficiency (in buildings

and focused on the vulnerable)<sup>54</sup> and have even called for the "end of abundance" (both for high and low-income people) as a possible means to address energy waste.<sup>55</sup>

The Commission's proposal for Enhancing Solidarity in the EU Gas Market has so far not provoked any particular criticism. However, the European Parliament Research Service, has reiterated the importance of protecting vulnerable households.<sup>56</sup>

# MEP AND STAKEHOLDER VIEWS OF HOW THE CHANGING CONTEXT HAS AFFECTED THE PARLIAMENTARY NEGOTIATIONS

All of our research participants agreed that the changing socioeconomic and geopolitical circumstances have fundamentally altered the context for climate policy design and implementation. While ambitious targets remain essential, the importance of social considerations and the need for EU climate policies to actively seek to improve the circumstances of the most vulnerable households and communities have become increasingly important. This awareness has affected the negotiations within the European Parliament as well as the lobbying efforts of stakeholders. Increasingly, policymakers are under pressure to ensure that the transition to a low-carbon economy is fair and equitable, and that it does not place any additional financial burden on the lowest income households or the poorest member states. However, policymakers are also aware that the cost of inaction on climate change would be high, affecting disproportionately those who have the fewest resources to adapt. As one respondent put it, "in the long term, climate justice means social justice."

In relation to the RED and the EED, there was a strong consensus among the research participants that the current energy price crisis presents a window of opportunity to increase the level of ambition, but that this potential is not being fully exploited at present. Several of the participants noted that the energy

crisis has improved public awareness of energy consumption, thus contributing to a greater understanding of the importance of insulation measures and more efficient heating and cooling technologies. This nourishes the ground for making these a priority. However, the benefits from current subsidy programmes often fail to reach the lowest income households and tenants who need these benefits the most to survive. Instead, member states are pouring considerable amounts of money into temporary relief measures, which are insufficient to enable the poorest households to afford adequate living comfort. Furthermore, the measures are also inconsistent with the EU's climate targets as a significant fraction of these relief measures end up channelled towards fossil fuel companies and increase households' the consumption of fossil fuels.

The war in Ukraine, and the subsequent desire among EU countries to wean themselves off Russian gas and oil imports, has pushed the discussion on renewable energy targets in a positive direction, as demonstrated by the new target of 45% proposed under the REPowerEU plan. The rising energy prices have also changed the dynamics of energy sector investment, increasing the relative attractiveness of green electricity investments by radically reducing their estimated payback periods.<sup>57</sup> The deployment of solar energy has already accelerated rapidly and is expected to grow even faster in the coming years because of greater uptake by households, businesses, the public sector and utility-scale operators.58 In Spain, for example, solar installations have increased by 410% since 2018.59 Yet, with regard to energy efficiency, the benefits from increased renewable energy deployment and from the subsidies to adopt renewable technologies at household level are not equally distributed, as these benefits accrue primarily to middle-class owner-occupiers rather than the lowest income households and tenants.

Several interviewees and focus group participants emphasised that the current crisis could be used to push for greater integration of social issues into the Fit for 55 files, and to change the narrative around the transition. However, despite a strong push for

this 'opportunity-oriented' narrative, there is a wide-spread fear that the current crises could slow down the progress on the Fit for 55 package or result in calls to limit ambition on the grounds of cost. In the context of the rapidly rising prices of food, fuel and energy, representatives of certain member state governments are wary of supporting policies that could place a financial burden on lower income households because they fear a public backlash akin to the *gilets jaunes* protests that erupted in Paris in December 2019. Moreover, the respondents expressed concern about the tendency among member states to start prioritising their national interests over EU-level solidarity in times of crisis.

There was widespread consensus among the interviewees and focus group participants on the need to communicate explicitly the economic and health benefits that interventions to reduce emissions can have on average households. There was also widespread consensus on the need to channel financial support directly to the most vulnerable households (low-income households in poor quality housing, especially those including children, older people and long-term ill or disabled people). However, there is much variation between EU countries over the support mechanisms that are available, how far they go and the extent to which they are directed to the most vulnerable. Although the Recovery and Resilience Funds (RRF) can be used to improve energy efficiency in the poorest quality homes, these funds need to be activated at member state level, meaning that the type of support available varies considerably between member states. In Germany, for example,

The research participants also mentioned that the global impacts of EU policies should not be ignored in the current context that is marked by multiple crises stretching well beyond Europe. As an advanced economy, and a leader in the global climate arena, the EU needs to implement measures to protect not only vulnerable EU citizens but vulnerable consumers

many public sector funds are currently going to fossil fuel companies, while in Ireland, it is more direct support that has been made available to improve

energy efficiency.

worldwide. For example, by implementing a price cap on gas imports regardless of where they come from, the EU can prevent global gas prices from rising too far beyond the payment capacity of less advanced economies, thus protecting, at least to an extent, affected households and businesses in gas importing countries outside of the EU too.



In the long term, climate justice means social justice.



# THE PARLIAMENTARY PROCESS

# THE PARLIAMENTARY PROCESS

# A BRIEF DESCRIPTION OF THE ORDINARY LEGISLATIVE PROCEDURE

The four files analysed in our research have been pursuing the ordinary legislative procedure of the European Union. This process involves three European institutions: the European Commission, the European Parliament and the Council of the European Union. <sup>60</sup>

The ordinary legislative procedure<sup>61</sup> can be divided into a maximum of three readings, as shown in Figure 1 (next page). The process of the first reading starts with the proposal from the European Commission to the Parliament and the Council, which are the co-legislators in this process. In theory, a proposal can be adopted without any amendments from the Parliament or the Council, but in the case of the four files analysed in this policy study the European Parliament has proposed amendments.

#### THE ROLE OF THE EUROPEAN PARLIAMENT

In this policy study, we focus on the role of the European Parliament (EP) in relation to the  ${\rm CO_2}$  emissions standards for cars and vans, the RED, the EED, and the ETS2. The parliamentary procedure is different from the processes in the European Council.  $^{62}$ 

Following the Commission's proposal, the responsible parliamentary committee (ie, the lead committee) is nominated in the European Parliament. In the Fit for 55 package, different committees were assigned as the 'lead' for different files. However, if a policy file covers a topic on which another committee also has

competence, an associated committee can be nominated. For example, in the case of the Renewable Energy Directive, the committee on the Environment, Public Health and Food Safety (ENVI) was named as associated committee, alongside the committee on Industry, Research and Energy (ITRE), which was the lead committee. An associated committee can table amendments in the plenary session, which is where the Parliament debates and votes on legislative and non-legislative files, unless the amendments were already adopted by the lead committee. <sup>63</sup>, <sup>64</sup> The Plenary involves all of the 705 Members of the European Parliament.

Other parliamentary committees (ie, parliamentary committees that are not named the 'lead committee' or an 'associated committee') can also provide opinion on the files but are not able to table amendments at the Plenary. 65 Instead, these opinions are included by the lead committee in the report that is tabled for Plenary.

The political group to which the file is allocated nominates a rapporteur, who is responsible for coordinating the interinstitutional negotiations and leading the parliamentary process regarding that file. The lead committees and the rapporteurs for the files covered in our analysis are listed in Table 2.

### FIGURE 1: THE ORDINARY LEGISLATIVE PROCEDURE OF THE EUROPEAN UNION<sup>66</sup>

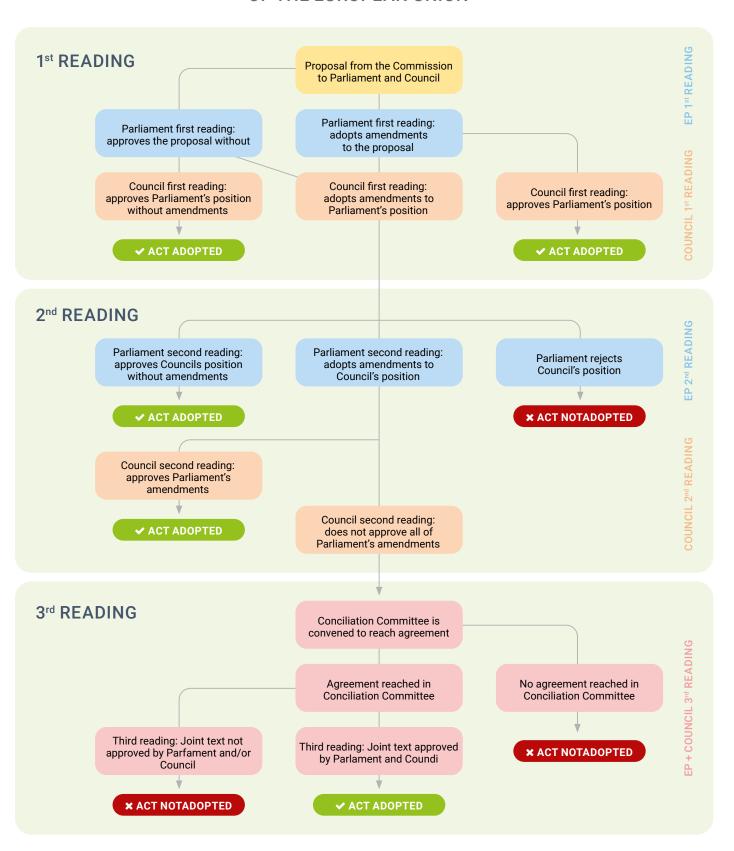


TABLE 2: SUMMARY OF THE COMMITTEES<sup>67</sup> RESPONSIBLE FOR THE FILE AND FOR OPINION <sup>68, 69, 70, 71</sup>

FILE NAME	LEAD COMMITTEE AND RAPPORTEUR	COMMITTEE FOR OPINION
CO <sub>2</sub> standards for cars and vans	ENVI	TRAN
	Jan Huitema (Renew Europe)	ITRE <sup>72</sup>
Renewable Energy Directive (RED)	ITRE	PETI
	Markus Pieper (EPP)	DEVE
		AGRI
		REGI
		IMCO
		TRAN
		ENVI <sup>73</sup>
Energy Efficiency Directive (EED)	ITRE	TRAN
	Niels Fuglsang (S&D)	FEMM
		ENVI <sup>74</sup>
Revision of the EU Emissions Trading	ENVI	DEVE
System (including ETS2)	Peter Liese (EPP)	TRAN
		ITRE
		BUDG

### GOOD PRACTICE AND DEFICIENCIES IN THE PARLIAMENTARY PROCESS

Parliamentary negotiations for the Fit for 55 files that are not covered in this analysis ran parallel to the negotiations on the files that we do cover, affecting the debates and potentially the compromises that were made during the parliamentary process. The focus of the negotiations was not solely on the content of each individual file, but also on creating strong policy coherence across the files. A good example of intra-party coordination on the Fit for 55 package is the S&D's taskforce on this package, which was led by MEP Mohammed Chahim

and which aimed to strengthen the coherence of the negotiations on the various files within the S&D group across different committees.

It is notable that although many of the files covered in our analysis (in particular the  $\mathrm{CO}_2$  standards for cars and vans, and the RED) have significant implications for employment, the Employment and Social Affairs Committee (EMPL) was not involved in the parliamentary process for any of the files included in the scope of this policy study. This important shortcoming was discussed during the expert workshop that was held for our research, and it was cited as a flaw in the parliamentary process.

### **KEY MILESTONES IN THE PARLIAMENTARY PROCESS**

In the table below, the key milestones on each file and the key external events have been summarised, showing the timeline from the start of the negotiations until the end of 2022.

TABLE 3: OVERVIEW OF THE TIMELINE CONCERNING THE NEGOTIATIONS ON OUR SELECTED FILES.75

Name of the file	Proposal published by the Commission	Draft report by the lead committee	Final report by the lead committee	Plenary adopted the Parliament's position	General approach by the Council adopted	Trilogue start date <sup>76</sup>
CO <sub>2</sub> standards for cars and vans	14 July 2021	8 December 2021	11 May 2022	8 June 2022	29 June 2022	Commencing: 5 September 2022 Agreed: 27 October 2022
Renewable Energy Directive (RED)	14 July 2021	14 February 2022	13 July 2022	14 September 2022	27 June 2022	6 October 2022
Energy Efficiency Directive (EED)	14 July 2021	15 February 2022	26 July 2022	14 September 2022	27 June 2022	6 October 2022
Revision of the EU Emissions Trading System (including ETS2) <sup>77</sup>	14 July 2021	18 Jan 2022	17 May 2022	8 June 2022: decision to refer back to ENVI 22 June 2022: adopted	29 June 2022	Commencing: 11 July 2022  Provisionally agreed: 18 December 2022

### TABLE 4: OVERVIEW OF EXTERNAL EVENTS BETWEEN JULY 2021 AND OCTOBER 2022.78

The European Green Deal (Communication of the European Commission): 11 December 2019<sup>79</sup>

The European Green Deal is a series of legislative proposals that attempts to put the EU on a green transitional route with the end objective of achieving carbon neutrality by 2050.

Fit for 55 package: 14 July 202180

The Fit for 55 package is a series of initiatives aimed at reducing the European Union's greenhouse gas emissions by 55% by 2030. It is part of the European Green Deal.

COP26: 31 October - 12 November 202181

The United Nations Framework Convention on Climate Change (UNFCCC) parties gather every year (since 1995) to review the status of climate change mitigation. These gatherings are called Conference of the Parties (COP). In 2021 COP26 was held in Glasgow, United Kingdom.

Russia's war on Ukraine: 24 February 202282

In the context of the Russia-Ukraine war (that began in 2014), the Russian Federation launched a full-scale invasion of Ukraine. This resulted in the largest refugee crisis for Europe since the end of the second world war, global food shortages, and increasing energy prices and high inflation for most European countries. At the present time, the war is still ongoing and affecting the economy and energy security.

REPowerEU plan: 18 May 202283

In the context of Russia's war on Ukraine, the REPowerEU is a proposal from the European Commission to end the EU's reliance on Russian fossil fuels before 2030.

Save Gas for a Safe Winter: 20 July 202284

In the context of Russia's war on Ukraine, the European Commission proposed a new legislative tool and a plan to reduce gas consumption in the EU by 15% by spring 2023.

Dutch Title Transfer Facility (TTF) gas prices peak at €276 per megawatt hour: 22 August 202285

The Netherlands has a virtual trading hub for natural gas called the Title Transfer Facility, or TTF for short. This is where about 80% of Europe's gas is traded, making it the EU's main gas trading hub. It is the point of reference for monitoring European price trends for gas.

Enhancing Solidarity in the EU Gas Market (European Commission's proposal): 18 October 202286

The European Commission adopted a proposal to improve the functioning of the EU gas markets during the energy crisis provoked by Russia's war on Ukraine. It introduces a joint purchasing tool, seeks to improve efficiency and security of gas supply, and limits prices and volatility.

# ANALYSIS OF THE EUROPEAN PARLIAMENT'S AMENDMENTS TO THE SELECTED FILES

# ANALYSIS OF THE EUROPEAN PARLIAMENT'S AMENDMENTS TO THE SELECTED FILES

In this section, we summarise the results of our analysis using a keyword search for the inclusion of social aspects in the four files during the parliamentary process. We also summarise the results of our qualitative research, which was based on a focus group and five semi-structured interviews.<sup>87</sup>

The qualitative data confirmed that several MEPs, supported by external stakeholders, have been actively working on greater inclusion of social aspects during the parliamentary process. This is confirmed by the frequency count of the key terms, 88 which shows that a high number of amendments concerning social aspects were suggested during the parliamentary process across all four files. 89 The terms 'social' and

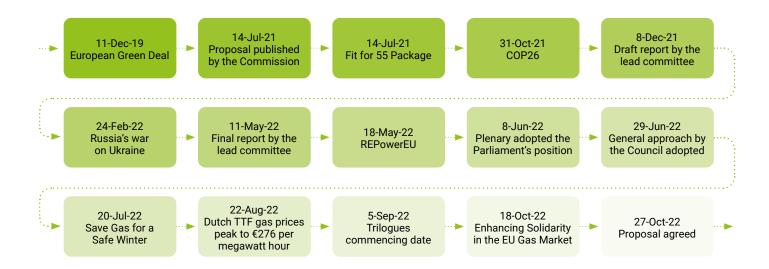
'vulnerable'90 make a frequent appearance in all four files, and 'energy poverty' is mentioned frequently in the EED, the RED and the ETS2.91 However, many of the other terms that we identified as relevant for social issues have zero or close to zero mentions. These include 'inequality', 'inequalities', 'disadvantage(s)', 'disadvantaged', 'unemployment', 'justice', 'quality of life' and 'cost of living'.

The key results both from the quantitative and qualitative analysis for each file are set out below, focusing on the parliamentary debate. Where the text of the files is cited verbatim, text in **bold and italics** refers to the changes suggested by the Parliament, following the practice used in the original documents.

### **CO2 STANDARDS FOR CARS AND VANS**

**SUMMARY** 

## FIGURE 2: TIMELINE OF INTERNAL AND EXTERNAL EVENTS CONCERNING THE CO<sub>2</sub> STANDARDS FOR CARS AND VANS<sup>92, 93</sup>





The faster we create this market for electric vehicles, the faster we will create a second-hand market [for them... and] the faster it becomes cheaper to drive electric vehicles, the better it will be for poorer countries.<sup>101</sup>



#### Qualitative analysis

Our qualitative data and a review of publicly available statements by MEPs on Twitter and LinkedIn, as well as in blogs and interviews, indicate that more stringent CO<sub>2</sub> emission performance standards for cars and vans are largely welcomed on the grounds that the reduced use of petrol- and diesel-run cars and vans would result in air quality improvements and would generate health benefits.<sup>94</sup> These benefits are expected to be felt especially by the lowest income households, who are disproportionately exposed to high levels of air pollution from road traffic.

Some MEPs also argue that faster adoption of electric vehicles (EVs) could create new employment opportunities, 95 including from reshoring some jobs in the EV industry back to the EU. 96 Others, however, are more concerned about the job losses and future employment prospects of automotive industry employees and those working in internal combustion engine (ICE) value chains. Indeed, there is particular concern about localised economic impacts in areas where these industries are major employers. According to a widely cited estimate, the directive is expected to result in the net loss of approximately of 275,000 jobs in the automotive manufacturing industry and associated value chains. 97

Concerns have also been raised over the expected cost burden that the accelerated phase-out of ICEs would place on low-income households. This could be an issue especially in rural areas, where people rely on the use of a car to move around but often lack financial resources to take advantage of the EV subsidy schemes. Furthermore, publicly available charging infrastructure is often lacking in these rural areas. MEPs such as Germany's Delara Burkhardt<sup>98</sup> and Bulgaria's Petar Vitanov<sup>99</sup> (both from the S&D) have drawn attention to the potential inequality

impacts that may emerge if the directive makes it more difficult for low-income households to afford personal transport in the future. This is more likely to become a serious problem if sufficient financial support for lower-income households is not made available.<sup>100</sup>

However, Vitanov (S&D) also acknowledges that the new CO<sub>2</sub> emissions standards for cars and vans could potentially have a positive impact on the lowest income groups and on poorer countries by speeding up the development of second-hand EV markets: "the faster we create this market for electric vehicles, the faster we will create a second-hand market [for them... and] the faster it becomes cheaper to drive electric vehicles, the better it will be for poorer countries." This view is also espoused by many other MEPs and commentators.

Although competitiveness concerns are frequently raised in relation to this directive, it is widely accepted that considerable support from the EU and member state governments will be needed to deliver the agreed target fairly, and without unduly compromising the EU car industry's competitiveness. These support measures include the development of resilient supply chains, commitment to technology neutrality, public sector investment in accessible charging infrastructure, institutional support for reskilling programmes and funding to boost research and innovation programmes to accelerate the green and digital transition of the automotive sector. 102 Some commentators have also emphasised the need for decarbonised personal transport to be complemented by policies that support the quality, coverage and accessibility of public and active transport networks. 103 Overall, easy and equitable access to training, retraining and upskilling programmes is seen as one of the most important ways to minimise the potentially adverse social impacts associated with this directive. 104, 105, 106

#### Quantitative analysis

In the proposed amendments and the report tabled for Plenary for the CO<sub>2</sub> standards for cars and vans, the terms relating to social issues that were most frequently mentioned were 'social',<sup>107</sup> 'employment', 'just transition' and 'jobs'. These terms kept appearing at all stages of the process (the frequencies for each stage are listed in Table 5 below).

As Table 5 shows, the number of instances these terms appeared in the European Parliament's proposed amendments was much higher than in the Commission's original proposal. Although many of the proposed amendments were not approved in the Plenary, the text adopted by the Parliament still includes significantly more references to these key social issues compared to the Commission's original proposal. This may reflect the importance of these issues to some of the parliamentary groups (as directly elected representatives of their country), as well as the changing geopolitical and social context that has increased the pressure on the EU's legislative bodies to ensure a fair transition to a low-carbon economy.

# TABLE 5: SUMMARY OF KEYWORDS IN THE CO<sub>2</sub> STANDARDS FOR CARS AND VANS FILE

CO <sub>2</sub> standards for cars and vans						
LIST OF KEYWORDS	DOCUMENT >	Commission proposal	Lead committee draft report	Amendments - aggregated result	Committee report tabled for Plenary	Text adopted by the Parliament
social impact(s)		1	2	3	1	0
social		13	10	144	69	19
inequality		0	0	0	0	0
inequalities		0	0	0	0	0
low-income/ low income(s)		0	0	0	1	0
disadvantage(s)		0	0	0	0	0
disadvantaged		1	0	5	3	2
jobs		1	0	15	14	4
employment		5	2	25	20	8
unemployment		0	0	0	0	0
justice		0	0	1	0	0
just transition		2	1	21	15	7
quality of life		0	0	0	0	0
energy poverty		0	0	0	0	0
transport poverty		0	0	1	2	0
poverty		0	0	0	0	0
cost of living		0	0	0	0	0
vulnerable		0	0	3	2	2

### TERMS THAT WERE INCLUDED IN THE PARLIAMENT'S AGREED POSITION

In the proposed amendments to the  ${\rm CO_2}$  standards for cars and vans, the word 'social' was included in various forms, including in relation to social justice, social upheaval, social consequences (of emission reduction measures), social importance of road transport, socially acceptable manner of the transition, social partners<sup>108</sup> and social disruption.<sup>109</sup>

The importance of ensuring a just transition for automotive industry employees was a key theme on which several amendments were put forward for the trilogues in the final text adopted by the Parliament. For example,

"In line with the Council Recommendation (EU) .../... [Council recommendation on ensuring a fair transition towards climate neutrality], Member States are invited to prepare Territorial Just Transition Plans for their automotive industry, in close dialogue with social partners, in order to steer structural change in a socially acceptable way and to avoid social disruption." 110

Some amendments also referred to the need to mitigate any adverse impacts that "progress towards zero emission road mobility"<sup>111</sup> may have on communities and regional economies with a particular focus on jobs and employment. For example,

"In the reporting, the Commission shall consider all factors that contribute to a cost-efficient progress towards climate neutrality by 2050. This includes: [...] (i) the impacts on employment, to be assessed through granular mapping of the development of jobs in the automotive industry and the effect on the regions where these industries are located, as well as measures, including financial measures, at Union, Member State or local level to mitigate socioeconomic impacts in those regions, including upskilling and reskilling programmes; [...]" 112

In the same amendment, the key concerns regarding how the accelerated ICE phase-out could create a cost burden on low-income households was also raised:

"[...] the impacts on consumers, particularly those with low and medium incomes, and the pace of uptake of zero and low-emission vehicles in those consumer segments, as well as the availability and scope of measures at Union, Member State and local levels to support this uptake [...]"113

Another notable addition that is relevant for the social impacts mentions the European Green Deal and the 8th Environmental Action Programme. The addition below also brings in the cost-of-living considerations, the gender angle, an emphasis on vulnerable households and recognition of the differentiated impact across the EU countries.

"[...] this transition affects women and men differently and has a particular impact on some disadvantaged and vulnerable groups, such as older people, persons with disabilities and persons with a minority racial or ethnic background, and individuals and households with a low or lower than average income. In addition, the transition will affect regions of the Union differently, especially structurally disadvantaged, peripheral and outermost regions."114

In the agreed parliamentary position, there is also an important reference to a just transition:

"The allocation of revenue from the excess emission premiums should be assigned to supporting the just transition towards a climate-neutral economy and, specifically, to mitigate any negative employment impacts of the transition in the automotive sector." 115

Lastly, the potential health benefits of the stricter regulation of the CO<sub>2</sub> emission performance standards for cars and vans have been highlighted by several MEPs. Their standpoint has been mirrored in the regulation itself. The ITRE committee put

forward a new recital<sup>116</sup> which was also adopted in the final text, underlying the importance of not just focusing on new light commercial vehicles and cars, but also on existing fleets:

"Although this Regulation only applies to new passenger cars and new light commercial vehicles, it is important to include it in a more comprehensive Union-wide action plan to decarbonise the existing fleet in order to protect the environment and health of citizens in all Member States. The current fleet will remain a factor that contributes to environmental underperformance for an extended period into the future owing to the slow pace of fleet renewal." 177

### TERMS THAT WERE NOT INCLUDED IN THE PARLIAMENT'S AGREED POSITION

In our analysis, we also looked at the terms that were included in the proposed amendments and the report tabled for Plenary, but which were not ultimately included in the final text adopted. In the negotiations on the proposed amendments to the CO<sub>2</sub> standards for cars and vans, the two key terms that were left out of the agreed position, were 'social impact' and 'transport poverty'. Our qualitative data suggests that, while some MEPs were strongly supportive of their inclusion, objections from their colleagues led to the exclusion of these terms under pressure to have a strong and united negotiating position going into the trilogue. Three instances where reference to 'social impacts' was proposed are presented in Table 6 below, which also identifies the MEPs who proposed them. All of these examples appeared in Recital 12, in relation to the updated New Industrial Strategy and industry pathways, but none of them were included in the report that was tabled for Plenary.

### TABLE 6: EXAMPLES OF AMENDMENTS TO RECITAL 12 WHERE 'SOCIAL IMPACTS' WAS MENTIONED

MEPs submitting the amendment	Excerpts from the amendment
Tiemo Wölken, Jens Geier, Mohammed Chahim, Cyrus Engerer, Sara Cerdas, Constanze Krehl, Rovana Plumb, Bernd Lange (S&D)	"[] the Commission shall monitor and assess the need for possible measures and new and additional financial resources to address the social impacts on households and workers of the transition to zero-emission vehicles, and the progress report shall, if appropriate, be accompanied by a legislative proposal to address these issues."
Pietro Fiocchi (ECR)	"In addition, the Commission should monitor and assess the need for possible measures to address the social impacts on households and workers of the transition to zero-emission vehicles, making provision for purchasing incentives for consumers and enterprises, particularly small enterprises, to adapt production."
Edina Tóth (non-attached member)	"Additionally, the Commission should monitor and assess the need for possible measures to address the social impacts on households and workers of the transition to zero- and low- emission vehicles." 120

The final report tabled for Plenary has only one mention of social impacts, however it is situated in the short justification of the TRAN committee's opinion and not in the amendments tabled for Plenary: "The transition towards zero-emission vehicles will require structural changes in the automotive value chain. For this reason, the social impacts of the transition in the automotive sector must be seriously taken into account." 121

Specific reference to 'transport poverty' was put forward by Dutch MEP Bas Eickhout (Greens/EFA), who suggested incorporating a commitment for the Commission to include the evolution of transport poverty in each Member State in their reporting.

"In the reporting, the Commission shall also assess the evolution of transport poverty in each Member States, as defined under Regulation (EU) .../... [Social Climate Fund Regulation]."122

Two other references to transport poverty were included in the report tabled for Plenary, but neither of these were included in the agreed parliamentary position:

"In the reporting, the Commission shall consider all factors that contribute to a cost-efficient progress towards climate neutrality by 2050. This includes: [...] (h) impact on consumers, particularly those on low incomes, as well as the evolution of transport poverty in each Member States, as defined under Regulation (EU) .../... [Regulation establishing a Social Climate Fund], [...]"123

"By 31 December 2025, and every two years thereafter, the Commission shall report on the progress towards zero emission road mobility." [...] "In the reporting, the Commission shall also assess the evolution of transport poverty in each Member States, as defined under Regulation (EU) .../... [Social Climate Fund Regulation]."124

#### **EVALUATION**

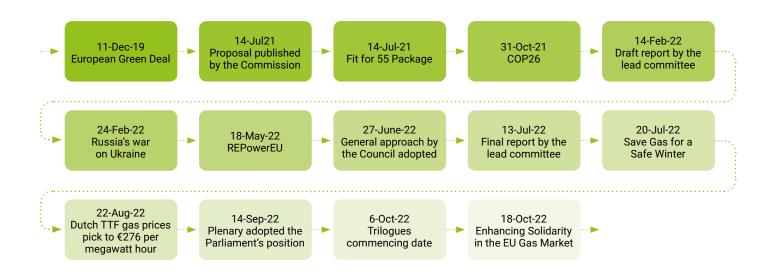
Our quantitative analysis shows that the Parliament has given significantly more attention to social issues and impacts than the Commission did in its original proposal, quite possibly reflecting both the changing circumstances and the mandate of the Parliament as directly elected representatives of their home countries. Even though some meaningful references to social impacts and transport poverty were not included in the agreed position, mentions of some key terms such as 'just transition', 'jobs' and 'employment' in the Parliament's agreed position were much higher than in the Commission's original proposal. However, in the context of growing fuel and transport poverty, not including the term 'transport poverty' in this file, or indeed any reference to poverty at all, could be regarded as a grave oversight. 125

Key MEPs who have been supporting the incorporation of social considerations in the CO<sub>2</sub> standards for cars and vans include but are not limited to Bas Eickhout (Greens/EFA), Tiemo Wölken, Jens Geier, Mohammed Chahim, Cyrus Engerer, Sara Cerdas, Constanze Krehl, Rovana Plumb, Bernd Lange, Gabriele Bischof, Jytte Guteland and Petar Vitanov (all S&D).

## RENEWABLE ENERGY DIRECTIVE (RED)

### **SUMMARY**

FIGURE 3: TIMELINE OF INTERNAL AND EXTERNAL EVENTS CONCERNING THE RENEWABLE ENERGY DIRECTIVE (RED)<sup>126</sup>



### Qualitative analysis

The energy security crisis and high gas prices have affected the perceived benefits of the RED. More ambitious renewable energy targets are largely regarded positively, with potential implications for energy security, affordability and air quality. These points have been emphasised, among others, by German MEP Markus Pieper (EPP)<sup>127</sup> and Italian MEP Raffaele Fitto (ECR). Fitto has also suggested that the proposed revisions to the RED could incentivise the development of community-level production such as renewable energy communities, and that the engagement of local communities in renewable energy projects also in less wealthy areas could be facilitated through the cohesion policy. 128 However, our study participants also agreed that the financial benefits to consumers will manifest only if the price of renewable electricity is decoupled from the price of gas. Even though renewable electricity is

now cheaper to produce than electricity from fossil fuels, the benefits of this have not yet translated into lower utility bills for end consumers.

Investment in new renewable energy capacity is expected to create new jobs and to accrue economic benefits because the revenue stays in Europe. According to a study cited by our research participants, the solar industry alone created 460 000 jobs in 2021 in the EU.  $^{129}$  It is estimated that taking the scenario of reaching 750  $\mathrm{GW}_{\mathrm{DC}}^{\ \ 130}$  solar capacity by 2030, the solar energy industry could potentially create over 1 million jobs (both direct and indirect jobs).  $^{131}$ 

The main concerns relating to the RED include the potential negative environmental impacts of renewable electricity generation infrastructure, such as

damage to land and sea. Italian MEP Pina Picierno (S&D) has highlighted the importance of ensuring that the increase in renewable energy does not compromise the EU's food security or the healthy management of land.<sup>132</sup>

Large-scale renewable energy installations may also be problematic if they restrict the local populations' access to areas that were previously used for recreation or economic activities. Some MEPs are worried about how offshore wind farms (and possibly tidal energy in the future) will affect the fishing industry and coastal communities that rely on fishing for their livelihoods. As emphasised by Spain's MEP Nicolás González Casares (S&D), new renewable energy projects must be delivered in a manner that is respectful of the rural populations as well as of the environment. It is also important to ensure that the benefits of these projects, such as new jobs and improved living conditions, accrue to the people who live in the communities where the projects are located. 133

Biofuels remain one of the most controversial aspects of the RED. The views regarding these are split between those who worry that land currently used for food production may be repurposed to grow crops for biofuels, and those who think that any attempts to exclude biofuels from the RED target will unfairly disadvantage certain countries with substantial biofuel resources. <sup>134</sup> Some MEPs have also expressed fears that a narrow definition for 'renewable' could create barriers for some EU countries to turn their energy grid to 100% renewable as quickly as needed. <sup>135</sup>

The two main challenges that were flagged up by our research participants relating to the RED in terms of employment are the need to increase the skills that are necessary for greater renewable energy deployment and the need to improve the opportunities for women in this sector. The renewable energy sector could create many new, geographically distributed, jobs. However, several MEPs have highlighted that the EU does not, at present, have enough

appropriately skilled workers to fill these roles. The S&D and Greens, in particular, have called for more resources in the RED for upskilling and reskilling, and for the unemployed to be recovered and engaged in the renewable energy transition.

### Quantitative analysis

When looking at the overall frequency count of the key search terms referring to social issues, the RED has the fewest mentions in terms of aggregated results. The terms that appear most frequently include 'social', 'energy poverty', 'jobs' and 'employment'.

As Table 7 shows, the number of times the word 'social' appears in the Parliament's agreed position on the RED is significantly higher than in the Commission's original proposal, while references to 'jobs' have declined. Some key terms such as 'inequalities' and 'energy poverty' appear only in the text introduced by the Parliament, most likely incentivised by the growing cost-of-living concerns and the increase in fuel poverty since July 2021. The term 'energy security' is also mentioned only in the Parliament's agreed position, reflecting the changing circumstances and increasing awareness among policymakers and the general public of the multiple benefits that new renewable energy infrastructure could have.

## TABLE 7: SUMMARY OF KEYWORDS IN THE RENEWABLE ENERGY DIRECTIVE (RED)

			RED			
LIST OF KEYWORDS	DOCUMENT >	Commission proposal	Lead committee draft report	Amendments - aggregated result	Committee report tabled for Plenary	Text adopted by the Parliament
social impact(s)		0	0	0	1	0
social		2	1	20	32	11
inequality		0	0	0	0	0
inequalities		0	0	0	4	2
low-income/ low income(s)		2	0	8	11	3
disadvantage(s)		0	1	2	3	0
disadvantaged		0	0	2	0	0
jobs		7	1	10	14	4
employment		6	1	5	8	3
unemployment		0	0	0	0	0
justice		3	0	0	2	2
just transition		2	0	11	5	2
quality of life		0	0	1	0	0
energy poverty		0	0	9	24	8
transport poverty		0	0	0	1	0
poverty		0	0	0	2	1
cost of living		0	0	0	0	0
vulnerable		4	0	10	13	4
energy security		0	1	2	3	2

## TERMS THAT WERE INCLUDED IN THE PARLIAMENT'S AGREED POSITION

It is notable that 'inequalities', which appeared very rarely in the other three files used in our analysis, was included several times in the committee report tabled for Plenary (4 and twice in Parliament's agreed position on the RED. However, the mentions of 'inequalities' were all in relation to the 8th Environment Action Programme, which is the EU's environmental policy agenda until 2030:<sup>136</sup>

"Ensuring that legislative initiatives, programmes, investments, projects and their implementation are consistent with, contribute where relevant, and do no harm to any of the 8th EAP objectives

is necessary for the objectives' achievement. Furthermore, ensuring that social inequalities resulting from climate- and environmental-related impacts and policies are minimised and that measures taken to protect the environment and climate are carried out in a socially fair and inclusive way, as well as gender mainstreaming throughout climate and environmental policies, including by incorporating a gender perspective at all stages of the policy-making process, will be required to meet the objectives of the 8th EAP and, as such, are also laid down as enabling conditions in the 8th EAP."137

An important addition to the originally proposed text by the Commission is the paragraph that links energy poverty to energy security:

"A greater use of renewable energy can also increase energy security and self-sufficiency by, amongst other things, reducing dependence on fossil fuels. However, further reinforcement and interconnection of the transmission system is essential for the fair and efficient use of this transition, so that the resulting benefits are spread evenly across the population of the Union and do not lead to energy poverty." 138

The impact of Russia's war on Ukraine is also explicit in the Parliament's agreed position on the RED. This mention highlighting the energy security benefits of increased renewable energy capacity also sets out the potential of this to create new jobs:

"Following the invasion of Ukraine by Russia, the case for a rapid energy transition has never been stronger and clearer. [...] According to REPowerEU, for 2022 alone an additional 2,5 bcm of gas could be saved by installing up to 15 TWh of rooftop solar PV systems, and an additional 12bcm by every 10 million heat pumps installed. At the same time this would be a major booster to local job markets, alone such an installation wave for solar roof tops could create up to 225.000 local jobs in the installation business.".139

While the text adopted by the Parliament does not include additional mentions of 'employment' compared to the Commission's original proposal, upskilling and reskilling have new mentions – for instance in relation to the insufficient number of skilled workers:

"A sufficient number of high-quality and effective upskilling and reskilling strategies and training programmes and certification possibilities ensuring proper installation and reliable operation of a wide range of renewable heating and cooling systems and storage technologies, as well as electric vehicles charging points, should be made available and designed in a way to attract participation in such training programmes and certification systems." 140

The qualitative results underlined that long-term solutions could have greater cost-saving potential as well as being able to support the public acceptance of the accelerated roll out of renewable energies. One of the key long-term solutions mentioned is energy communities:

"[...] In order to enhance broad public acceptance, Member States shall ensure the possibility of including renewable energy communities in joint cooperation projects on offshore renewable energy." 141

"Member States shall promote cooperation between local authorities and renewable energy communities in the building sector, particularly through the use of public procurement. Such support shall be indicated in Member States' National Building Renovation Plans under Article 3 of Directive ... [EPBD]." 142,143

## TERMS THAT WERE NOT INCLUDED IN THE PARLIAMENT'S AGREED POSITION

Although amendments concerning the potentially adverse impacts of the RED and related cost-of-living considerations were proposed during the parliamentary process, they were not ultimately included in the Parliament's agreed position.

One example is an amendment that was put forward in reference to the regional aspect of skilled workers in the renewable energy sector by a cross-national group of Renew Europe MEPs, including Susana Solís Pérez from Spain, Christophe Grudler from France, Martin Hojsík from Slovakia and Klemen Grošelj from Slovenia. Although this proposed amendment highlights an important issue, it was not included in the final text approved by the Plenary:

"Member States should consider what actions should be taken to attract groups currently under-represented in the occupational areas in question and how to incentivise the promotion of new and improved skills, aiming to specifically support stable, local and high-quality employment in rural communities." 144

In its opinion, the Committee of Regional Development (REGI) put forward the following addition to the Commission's proposal on linking low-income households and energy poverty in the context of efficient renewable energy uptake and heating and cooling. However, it was not included in the final text:

"Member States should therefore ensure that incentives and proactive policies are put in place to facilitate the uptake of efficient renewable energy generation and heating and cooling, not only in middle-and high-income households, but also and specifically in those households with low-income at risk of energy poverty, paying special attention to those located in sparsely populated areas." 145

Key MEPs who have been supporting the incorporation of social considerations into the RED include but are not limited to Nicolás González Casares, Lina Gálvez Muñoz, Adriana Maldonado López, Carlos Zorrinho, Josianne Cutajar, Patrizia Toia, Robert Hajšel, Marek Paweł Balt, Niels Fuglsang, Eva Kaili, Romana Jerković and Marcos Ros Sempere (S&D) and Susana Solís Pérez, Christophe Grudler, Martin Hojsík, Klemen Grošelj (Renew Europe).

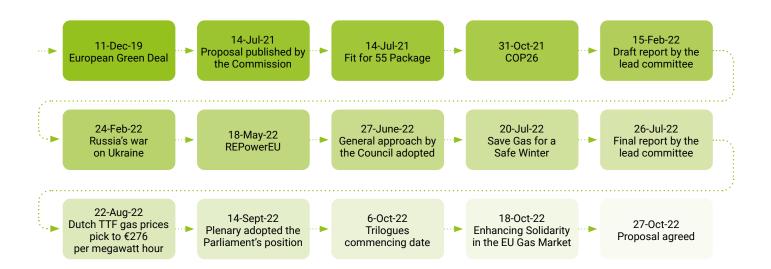
## **EVALUATION**

Overall, reference to social issues was less prominent in the amendments proposed to the RED by the committees – as well as in the Parliament's agreed position on this file – than was the case for the other policy files included in our analysis. However, some of the instances in which social issues are mentioned, such as the case cited in the previous section where a proposed amendment highlights a connection between energy poverty and energy security, are highly meaningful and reflective of the changing geopolitical context.

## **ENERGY EFFICIENCY DIRECTIVE (EED)**

**SUMMARY** 

FIGURE 4: TIMELINE OF INTERNAL AND EXTERNAL EVENTS CONCERNING
THE ENERGY EFFICIENCY DIRECTIVE (EED)<sup>147</sup>



### Qualitative analysis

Our qualitative data and review of publicly available statements indicate that the key social issues relating to the EED are largely expected to be positive. MEPs and other stakeholders emphasise how improved energy efficiency could reduce energy bills and enhance living comfort, while also generating substantial economic benefits. Policies that support heat pump and solar PV installation, and the deep renovation of buildings, carry the promise of many new skilled jobs and the stimulation of economic activity across the EU, especially if there is investment in developing EU-based value chains for these products.148, 149, 150 However, the EED needs to be carried out 'in a socially balanced way' to ensure that the benefits, but not the bill, accrue in the first instance to vulnerable consumers who are more likely to live in inefficient buildings and who already experience energy and mobility poverty. 151

The EED also presents multiple challenges. In particular, the need for technologies at scale, workers

and financing. We currently have the technologies, but not at scale, and the skills gap is enormous. As Danish MEP Pernille Weiss (EPP) remarks, additional funds need to be directed towards the development of a skilled workforce and to delivering high-quality counselling to improve consumers' access to information.<sup>152</sup> Following the same train of thought, Greens MEP Jutta Paulus, from Germany, suggested using local knowledge to set up one-stop shops not only in big cities but in all areas with a population of over 50,000 inhabitants.<sup>153</sup>

When looking at the aggregated results of the frequency counting across the four files, the EED has the most keyword mentions. The terms that appear most frequently are 'social', 'energy poverty' and 'vulnerable'. These results correspond with the qualitative data that emphasised the potential benefits that energy efficiency improvements, if appropriately delivered, could have on energy poverty and vulnerable communities and households.

### Quantitative analysis

As Table 8 shows, the number of times that certain key terms appeared in the final text adopted by the Parliament was significantly higher than in the Commission's original proposal. For example, mentions of 'low-income' or 'low incomes' increased from

one to 13, most likely reflecting the intensification of concern around the impacts that climate policies might have on the lowest income households amidst the ongoing cost-of-living and energy crises. Some key terms, however, had the same or very similar number of mentions – for instance 'inequalities', 'disadvantaged', 'jobs' and 'employment'.<sup>154</sup>

## TABLE 8: SUMMARY OF KEYWORDS IN THE ENERGY EFFICIENCY DIRECTIVE (EED)

			EED			
LIST OF KEYWORDS	DOCUMENT >	Commission proposal	Lead committee draft report	Amendments - aggregated result	Committee report tabled for Plenary	Text adopted by the Parliament
social impact(s)		1	0	0	0	0
social		94	33	189	261	98
inequality		0	0	0	0	0
inequalities		1	0	2	10	1
low-income/ low income(s)		1	9	11	30	13
disadvantage(s)		1	0	0	2	1
disadvantaged		1	0	10	5	1
jobs		6	0	8	17	5
employment		3	1	8	14	3
unemployment		1	0	0	0	0
justice		1	0	0	1	0
just transition		2	0	4	5	1
quality of life		1	0	5	8	3
energy poverty		104	39	240	258	89
transport poverty		0	0	2	46	0
poverty		1	1	4	4	2
cost of living		0	0	0	0	0
vulnerable		58	18	126	145	49

## TERMS THAT WERE INCLUDED IN THE PARLIAMENT'S AGREED POSITION

As the keyword count shows, 'energy poverty' is one of the most frequently mentioned terms in relation to social issues in this file. Although 'energy poverty' made fewer appearances in the Parliament's agreed text, compared to the Commission's proposal, the Parliament makes an important contribution to the coverage of this issue by proposing a more comprehensive definition of it. This enhanced definition is particularly meaningful because it emphasises that energy poverty may arise as a result of a number of different factors, or a combination of them, including low disposable income, high energy costs or the poor energy efficiency of homes. As such, this enhanced definition highlights that addressing only one of these factors may not be sufficient to eradicate the risk of energy poverty.

"energy poverty' means a household's inability, linked to non-affordability, to meet its basic energy supply needs and a lack of access to essential energy services to guarantee basic levels of comfort and health, a decent standard of living and health, including adequate heating, hot water, cooling, lighting, and energy to power appliances, in the relevant national context, existing social policy and other relevant policies, caused by one or a combination of the following factors: insufficient disposable income, high energy expenditures and poor energy efficiency of homes;"155

The word 'social' appeared nearly a hundred times, and in various different contexts, in both the Commission's proposal and the Parliament's agreed position. Detailed analysis of these appearances was thus beyond the scope of this project. However, one interesting appearance from the Article on "Empowering and protecting vulnerable customers and alleviating energy poverty" shows how the Parliament retained reference to transport poverty in the final text, but by using different wording. This amendment, proposed by Portuguese MEP Sandra Pereira (GUE/NGL), also brings in the issue of

social exclusion, while the addition of 'low-income households' expands the scope of the statement to include those who are at heightened risk of energy poverty in the current context, as energy prices are rising faster than incomes.

"To support vulnerable customers, people affected by energy poverty, *low-income households*, and, where applicable, people living in social housing, Member States shall: [...] *ensure that measures to promote or facilitate energy efficiency, in particular those concerning buildings and mobility, do not lead* to a disproportionate increase in the cost of these services or to greater social exclusion;" 156

Although our keywords did not include terms relating to gender or other demographic categories, these are highly relevant for the EED as people with certain demographic backgrounds are over-represented among fuel-poor and low-income households and more like to live in poor quality rented housing. In Chapter II of the EED, which concerns the "exemplary role of public sector", the Parliament's adopted text proposes an amendment to incorporate references to gender, demographics, health conditions and minority ethnic status in Article 5 paragraph 3, which focuses on establishing "specific energy efficiency measures":

"Member States shall ensure that regional and local authorities, establish specific energy efficiency measures in their decarbonisation plans after consulting relevant stakeholders, their energy agencies, where relevant, and the public, including the particular groups at risk of energy poverty or more susceptible to its effects on the basis of their income, gender, demographics, health condition or membership of a minority group, such as persons with a minority racial or ethnic background. Member States shall also ensure that, when designing and implementing energy efficiency measures, regional and local authorities avoid negative direct or indirect impacts of the energy efficiency measures on energy poor, low-income households or vulnerable groups."157, 158

MEPs underlined that building renovations could create new skilled job opportunities. In the final text adopted by the Parliament, the following amendment was made on the use of European funds by member states as well as by regional and local authorities:

"[...] Potential areas for funding include energy efficiency measures in public buildings and housing, and the training, reskilling and upskilling of professionals, in particular in jobs related to building renovation, to promote employment in the energy efficiency sector. [...]"159

## TERMS THAT WERE NOT INCLUDED IN THE PARLIAMENT'S AGREED POSITION

The most notable issues that appeared in the proposed amendments to the EED but which were not incorporated into the final agreed text include 'transport poverty' and 'climate justice'.

The inclusion of a definition for energy poverty in the EED recast has been cited as extremely significant and as shown above, the Parliament proposed some edits to this definition to make it more inclusive and explicit. However, the issue of transport poverty received much less attention. Indeed, the term did not appear at all in the Commission's proposal and was also excluded from the text adopted by the Parliament, despite being mentioned 48 times during the parliamentary process. A total of 46 of these instances were in the report tabled for Plenary, implying that the lead committee was pushing hard for the inclusion of this term. Below are two are examples of the proposed amendments relating to transport poverty, the first of which calls for a clear definition and the second of which suggests one. Both excerpts consist entirely of text that is additional to the Commission's proposal:

"Transport poverty has been underexposed and no clear definitions at Union or national level are available. However, the problem is becoming more pressing to address in light of the high prices for fuels, tickets and other mobility expenditures and given the high dependencies on transport availability and accessibility to go to work or for daily mobility needs, in particular for those living in rural, insular, mountainous, remote, outermost, or less accessible areas or for less developed regions or territories, including less developed peri-urban areas." 160

"'transport poverty' means a household's lack of access to essential, affordable, efficient, safe, inclusive and clean transport and mobility services required to meet essential socio-economic needs and the participation in society, caused, inter alia, by high fuel, transport ticket or other mobility expenditures in relation to the household's disposable income, or a structural lack of viable transport solutions in proximity on the territory, in the relevant national context, existing social policy and other relevant policies." 161

Although the omission of transport poverty in the final text may reflect the perceived lack of relevance of transport-related issues for this specific file, our qualitative data identifies this as one of the key shortcomings of the agreed text.<sup>162</sup>

The other concept to be highlighted here is 'climate justice'. As mentioned before, 'justice' was among our key search terms used to identify content that touches on social issues. Although justice, and more specifically climate justice, should be considered as core considerations for climate change mitigation policies, these terms make very few appearances across the documents that were included in our analysis. In fact, nearly all references to 'justice' in the Commission's proposals or the Parliament's agreed text are in relation to the European Court of Justice.

However, explicit reference to 'climate justice', alongside the UN Sustainable Development Goals, was made in the report tabled for Plenary. This reference, like the references to 'transport poverty' cited

above, was all additional to the original proposal by the Commission. However, it was not included in the final text adopted by the Parliament for reasons that currently remain unknown to us.

"[...] All Union action should take into account the importance of the concept of climate justice and the commitment of all parties to the Paris Agreement to respect, promote and consider their obligations on human rights, including gender equality, when taking action to address climate change and also contribute to the achievement of all relevant sustainable development goals, with particular attention to SDG 5, SDG 7 and SDG 13." <sup>163</sup>

is difficult to achieve consensus within a diverse group over the extent to which there is a structural disadvantage associated with being a woman, and the progress on recognition for gender-based disadvantage has been slow.

#### **EVALUATION**

Overall, the number of times the key words relating to social issues appeared in the final approved text for the EED was similar to the number of times they appeared in the Commission's proposal. Some key terms such as 'inequalities', 'low-income', 'employment' and 'energy poverty' were mentioned multiple times or even frequently during the parliamentary process, although many of these mentions were not included in the Parliament's agreed position.

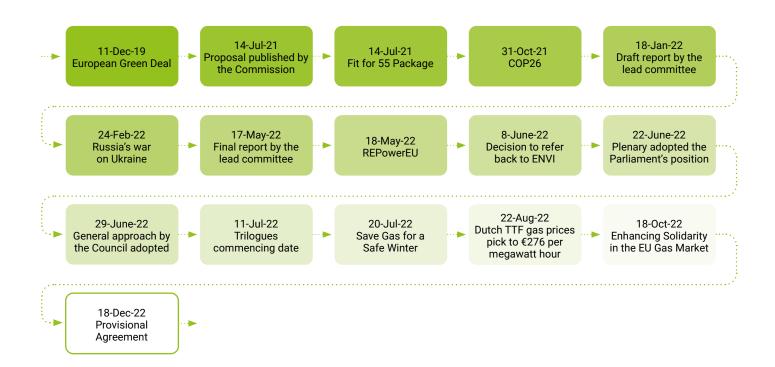
There was a consensus across the interviewees that the final text adopted by the Parliament was a solid foundation for the trilogues as it was backed by a strong majority of MEPs.

Key MEPs who support the incorporation of social considerations in the EED include but are not limited to Jutta Paulus (Greens/EFA), Niels Fuglsang (S&D), Christophe Grudler, Stéphane Bijoux, Klemen Grošelj (Renew Europe). The Greens, for example managed to insert a number of provisions in the recital on energy efficiency and on gender equality. In the EED legislative files there is now a mention of gender balance, and member states are asked to create this when it comes to implementation. However, it

## REVISION OF THE EU EMISSIONS TRADING SYSTEM (WITH FOCUS ON THE EXTENSION TO BUILDINGS AND ROAD TRANSPORT)

#### **SUMMARY**

## FIGURE 5: TIMELINE OF INTERNAL FILE-SPECIFIC AND EXTERNAL EVENTS CONCERNING THE EMISSIONS TRADING SYSTEM (ETS2)<sup>164</sup>



### Qualitative analysis

From the social impacts perspective, the ETS2 is by far the most controversial of the Fit for 55 files. The appropriateness of the underlying logic of the policy – of increasing the cost of fossil fuel use for domestic heating, water heating and transport to incentivise households to switch to more sustainable alternatives – has been questioned by multiple stakeholders.

The most vocal criticism of the ETS2 focuses on the question of fairness and how the ETS2 will be perceived by the general public. Instead of strengthening and increasing the ambition of the original ETS, the ETS2 will shift a lot of the cost burden for decarbonisation on to households and small businesses. As summed up by German MEP Delara Burkhardt (S&D), the ETS2 would "not be socially just, would divide society, exacerbate inequalities within and between EU member states and unjustifiably restrict fundamental rights". According to Burkhardt, a "uniform European CO<sub>2</sub> pricing would cause a major imbalance between citizens in member states with different purchasing power," whilst having little effect on emissions. 165

Our qualitative data reveal that the ETS2 file was unfavourably regarded by the majority of MEPs when it was first published by the Commission. The opposition was particularly strong among the Greens and the S&D parliamentary groups. Several of our interviewees and focus group participants pointed out that a policy that adds to the cost of energy bills at a time when a growing number of households are already struggling to pay them is morally questionable and risks public backlash against ambitious climate targets.

In September 2021, well before the most recent energy price spikes and Russia's war on Ukraine further aggravated the situation, German MEP Michael Bloss (Greens) suggested that, instead of implementing policies that further accelerate the cost of everyday essentials, the EU should invest in the renovation of social housing and public sector buildings, the improvement of public transport networks and supporting the transition of the automotive. 166 Czech MEP Alexandr Vondra (ECR) takes a harder line, arguing that the 'overtly ambitious' EU climate package will harm European businesses and households, forcing them to shoulder "greater and greater burdens for the benefit of all humanity". 167

Although the concerns relating to the ETS2 concentrate primarily on the cost of heating, which is largely seen as a necessity that every European should be able to access and afford, the ETS2 is also expected to increase the cost of transport for households that do not have access to an electric vehicle (EV). This aspect of the policy, which has received much less attention, troubles especially MEPs who represent poorer member states. Bulgaria's Petar Vitanov (S&D) has expressed general apprehension towards climate policy measures that penalise the poor, while also highlighting the potentially adverse impacts of the ETS2, focusing on the transport angle. According to Vitanov, higher transport costs as a result of the ETS2 could exacerbate existing mobility constraints among the lowest income households. Moreover, these higher transport costs could also have an indirect impact on the cost of living because higher fuel prices lead to higher transportation prices for all goods, increasing the price tag for final consumers. Yet even with subsidies, poor people cannot afford to purchase EVs. 168

To ensure a just transition, financial impacts on low-income households need to be carefully managed and mitigated. 169 Although the newly proposed Social Climate Fund (SCF) 170 is expected to alleviate the burden of the cost increase on vulnerable groups, several MEPs and other commentators have questioned whether the resources available from the fund will provide adequate support for the worst-affected households. 171 There is a general consensus among the commentators that the resources in the SCF are unlikely to be sufficient to meaningfully improve the access of low-income households' to low carbon technologies, such as EVs and heat pumps.

### Quantitative analysis

The keywords appearing most frequently in the ETS2 were 'social', 'vulnerable', 'energy poverty', 'mobility poverty' and 'just transition'. The 'social' there is a significant increase of the mentions in the text

adopted by the Parliament compared to the Commission's original proposal. Many mentions relate to the Social Climate Fund (SCF), which corresponds with the qualitative results that reflected the intense discussion on the role of the SCF.

TABLE 9: SUMMARY OF KEYWORDS IN THE REVISION OF THE EMISSIONS TRADING SYSTEM (ETS2)

			ETS2			
LIST OF KEYWORDS	DOCUMENT >	Commission proposal	Lead committee draft report	Amendments - aggregated result	Committee report tabled for Plenary	Text adopted by the Parliament
social impact(s)		2	0	8	0	0
social		19	38	205	51	29
inequality		0	0	0	0	0
inequalities		0	0	1	0	0
low-income/ low income(s)		0	1	2	0	0
disadvantage(s)		0	0	0	0	0
disadvantaged		0	0	0	0	0
jobs		0	0	0	0	0
employment		0	0	0	0	0
unemployment		0	0	0	0	0
justice		0	0	0	0	0
just transition		0	0	26	0	0
quality of life		0	0	0	0	0
energy poverty		3	3	41	8	6
transport poverty		0	0	6	1	0
poverty		0	0	1	0	0
cost of living		0	0	1	0	0
vulnerable		6	5	91	11	5
mobility poverty (only for ETS)		2	2	18	4	5

## TERMS THAT WERE INCLUDED IN THE PARLIAMENT'S AGREED POSITION

The funding of the SCF has been one of the key debates concerning the ETS2. While the Commission proposal outlined that "150 million allowances from emissions trading in the buildings and road transport sectors should also be made available to the Innovation Fund to stimulate the cost-efficient emission reductions," 173 the final text adopted by the Parliament changed the Innovation Fund to SCF and focused on the social aspect: 174

"150 million allowances from emissions trading in the buildings and road transport sectors should also be made available to the **Social Climate** Fund to support **social climate measures**." 175

Another important element that was negotiated in the European Parliament was the differentiation between commercial and private usage and therefore the delayed extension of the ETS2 to private heating and cooling in residential buildings and private road transport:

"[...] The provisions of this Chapter shall apply in respect of the release for consumption of fuels which are used for combustion in private road transport and private heating and cooling of residential buildings only from 1 January 2029 subject to the assessment provided for in paragraph 1b." 176

[...] If the conditions are right, the Commission shall aim to extend this Chapter to emissions from private road transport and private heating and cooling of residential buildings from 1 January 2029. By 1 January 2026, the Commission shall present a report to the European Parliament and the Council in which it shall assess the extension of this Chapter to emissions from private road transport and private heating and cooling of residential buildings from 1 January 2029 in a manner that leaves no one behind. [...]<sup>177</sup>

Perhaps one of the most important elements included in the Parliament's agreed position is the suggestion that the SCF should come into effect at

least 3 years before the ETS2, as opposed to the oneyear period proposed by the European Commission. As some of our interviewees emphasised, the phasing-in period of the SCF is of crucial importance to protect lower income households especially, which are already struggling to pay their bills because they are largely unable to renovate their homes to improve energy efficiency, or purchase EVs:

" [...] By way of derogation from the first subparagraph, in the event that the Social Climate Fund established by Regulation (EU) .../... [Social Climate Fund Regulation] has not commenced operating, or has operated for less than three years, the auctioning of allowances covered by this Chapter shall be delayed until the Social Climate Fund has been operational for at least three years. [...]"178

## TERMS THAT WERE NOT INCLUDED IN THE PARLIAMENT'S AGREED POSITION

Some MEPs also campaigned for the risk of 'transport poverty' to be acknowledged and addressed in the Parliament's proposed amendments on the grounds that increasing transport costs are likely to hit the poorest the hardest because they tend to live further from the city centre and often have limited access to public transport. Lower income households are also less likely to be able to purchase electric vehicles in response to a financial penalty. However, this concern received much less traction from the MEPs and was not included in the agreed position.

Bulgarian MEP Radan Kanev (EPP) put forward an amendment that suggested introducing "targeted social investment in alternative solutions" before introducing the ETS2 in order to avoid the further social exclusion of the population living in transport and energy poverty. However, this amendment was not included in the final text adopted by the Parliament:

"The introduction of the carbon price in road transport and buildings should be **preceded** by effective

targeted social investment in alternative solutions, especially in view of the already existing levels of energy poverty. About 34 million Europeans reported an inability to keep their homes adequately warm in 2018, and 6,9 % of the Union population have said that they cannot afford to heat their home sufficiently in a 2019 EU-wide survey. These vulnerable groups can not be expected to invest in energy efficiency and alternative mobility solutions, and without prior social investment, the new carbon pricing will only lead to further social exclusion of people living in energy and transport poverty and provoke a downward transition of low-middle-income groups into poverty."

Meanwhile, a group of MEPs from the EPP (Andrey Novakov, Marian-Jean Marinescu, Cláudia Monteiro de Aguiar, Markus Ferber and Gheorghe Falcă) suggested deleting 'road transport' from the title of Chapter IVa on the introduction of the ETS2, changing the title from 'Emissions trading system for buildings and road transport' to 'Emissions trading system for buildings' as "higher fuel costs would mostly affect end-consumers, e.g. lower and middle-income households, limiting the mobility and leading to transport poverty." 180

Several MEPs even proposed the complete deletion of Chapter IVa, justifying their proposal on the basis of the ETS2 potentially exacerbating energy and transport poverty.

Michael Bloss (Greens/EFA) justified the deletion of Chapter IVa as follows: "The creation of a separate ETS for buildings and road transport is unlikely to deliver the necessary emissions reduction in those sectors by 2030, while potentially aggravating energy and transport poverty across the Union. In order to ensure a just transition to a climate-neutral economy, the Union should rather accelerate the phase-out of new cars equipped with combustion engines and step up the ambition of the Renovation Wave, while providing targeted support to those in a situation of energy and transport poverty through the Social Climate Fund." 181

Tudor Ciuhodaru and Dan Nica (both S&D) justified the suggested deletion as follows: "Extension of ETS to buildings and road transport risks to increase the energy poverty and to reduce living standards, especially for vulnerable citizens." 182

### **EVALUATION**

In the parliamentary negotiations, MEPs (especially, but not exclusively, from the S&D group and Greens) pushed hard for various amendments to the Commission's original proposal, with strong support from NGOs. The key topics for debate in relation to the ETS2 were the timescale for its implementation, who it would apply to, safeguards to regulate the level of the ETS rate, and the availability of financial support for the most vulnerable households.

The Parliament's agreed position includes several proposed amendments intended to address these issues, such as the differentiation between commercial operators and residential buildings or private transport. For the latter, the ETS2 will not come into effect while energy prices remain at their current level. Various mechanisms, such as an ETS2 cap (set at €50 per tonne of CO<sub>2</sub> until 2030) and a requirement for fossil fuel companies to bear at least 50% of the costs of administering the ETS2 themselves (instead of passing it on to consumers), were proposed by the Parliament to protect households against high prices. Several of the MEPs who participated in this research mentioned that they expect the trilogues to be difficult, with the Parliament's proposed amendments regarding social safeguards receiving strong opposition from the Council and the Commission.

The Parliament also proposed some key amendments to the legislation regarding the Social Climate Fund (SCF). One key victory for MEPs who are concerned about the distributional impacts of the ETS2 was that the Parliament's agreed position kept the size of the SCF unchanged, despite the introduction of the social safeguards and amendments

that propose changes to the coverage of the ETS2. However, as the critics of the SCF and ETS2 have repeatedly pointed out, the SCF does not have enough resources going into it to pay for energy efficiency renovations even for the most vulnerable households.

In short, it is key that the Parliament voted to increase the overall ETS target (including the ETS and the ETS2) to 64% and to include the ETS2 in a bonus-malus system to reward top performance and innovation. The Parliament's adopted text also sets the start date for the ETS2 as 2025 for commercial buildings and road transport, with residential buildings and private road transport being included only from 2029, subject to a new legislative proposal and a comprehensive examination.<sup>183</sup>

A provisional agreement was reached in December 2022, where the safeguards have been weakened. For instance, the differentiation between private and commercial use and delayed introduction of ETS2 in private road transport, heating and cooling was not included. Several MEPS have expressed their concerns regarding the outcome, warning of potential social unrest.<sup>184</sup>

Based on our research, key MEPs who have been leading on the stronger incorporation of social aspects in the ETS2 include Michael Bloss (Greens/EFA), Jytte Guteland<sup>185</sup>, Mohammed Chahim, Milan Brglez, César Luena, Marcos Ros Sempere, Estrella Durá Ferrandis, Javi López, Nicolás González Casares, Isabel García Muñoz, Lina Gálvez Muñoz, Alicia Homs Ginel, Marek Paweł Balt, Petar Vitanov, Tiemo Wölken, Nacho Sánchez Amor, Nikos Androulakis (S&D), Radan Kanev (EPP).



# CONCLUDING COMMENTS

## CONCLUDING COMMENTS

The purpose of this research was to analyse how the inclusion of social issues has evolved since July 2021 in selected climate policy files under the Fit for 55 package. Using a mixed methods approach, our analysis explores how the recent changes in **external circumstances and the geopolitical context affected the negotiations in the European Parliament.** The focus of our research is limited to four specific files which were all included in the first set of the Fit for 55 policy files published on 14 July 2021: the RED, the EED, the ETS2, and CO<sub>2</sub> standards for cars and vans.

The analysis presented in Section 4 of this policy study provides extensive discussion of the content of the proposed amendments relating to social considerations during the parliamentary procedure. Examples are given of instances where new additions were incorporated in the Parliament's final text, as well as instances where opposition within the Parliament resulted in the exclusion of amendments that had strong support, but only from a limited number of MEPs. The proposed amendments seeking to include specific reference to transport poverty or gender, for example, were subject to strong opposition from certain MEPs, and were therefore excluded from the Parliament's final text.

The frequency counting of some key terms relating to social considerations (listed in Annex 3) shows that each of the files included in this research has a slightly unique focus in terms of social aspects. In the CO<sub>2</sub> standards for cars and vans, the most frequently cited terms are 'just transition', 'jobs' and 'employment'. 'Jobs' and 'employment' also appear frequently in the Renewable Energy Directive (RED), alongside 'energy poverty'. In the Energy Efficiency Directive (EED), terms such as 'energy poverty', 'vulnerable' and 'low income' receive most mentions. In ETS2, which is by far the most

controversial of the files included in this analysis, 'energy poverty', 'mobility poverty' and 'vulnerable' receive most mentions.

The results of the quantitative analysis also demonstrate the growing focus on social issues since July 2021 when the Fit for 55 package was published by the European Commission. Certain key terms referring to social considerations, such as just transition in the CO<sub>2</sub> standards for cars and vans or energy poverty in the RED, appeared much more frequently in the Parliament's proposed amendments as well as the final text adopted by the Parliament than in the Commission's original proposal. However, it is worth noting that some key social issues that were discussed extensively during the parliamentary negotiations were not, in the end, included in the final text adopted by the Parliament. A particularly good example of this is 'transport poverty', which received 48 mentions during the parliamentary negotiations on the EED, including multiple mentions in the committee report tabled for Plenary, but resulted in zero mentions in the text adopted by the Parliament. The qualitative data collected during this research reveal that, while MEPs especially from the Greens and S&D supported the inclusion of this term, equally strong opposition from elsewhere ultimately led to its exclusion. Similarly, 'just transition' was mentioned multiple times in the justification of amendments in the ETS2.

As the example regarding 'transport poverty' demonstrates, the qualitative component provided additional insight into how the procedural and contextual factors influenced the parliamentary negotiations. A point made by many of the respondents on multiple occasions was that decision making in the Parliament can be time consuming and difficult, especially in a context characterised by multiple crises, and in relation to extremely complex

legislative proposals. As the directly elected representatives of 27 member states - with differing economic structures, national priorities and levels of resources - MEPs are under pressure from multiple directions, including special interest groups and industrial lobbies. At the same time, they must develop a shared understanding on the key priorities in order to have a strong negotiating position going into the trilogues. In some instances, this requires making compromises - for example agreeing to drop a reference to a specific group or foregoing the use of certain terminology to secure broader support across the political spectrum to establish a stronger negotiating position. Furthermore, a key shortcoming of the parliamentary procedure was that the Committee on Employment and Social Affairs was not involved in any of the files as an opinion-giving committee, even though issues relating to employment and skills feature extensively especially in relation to the RED and the CO<sub>2</sub> standards for cars and vans.

Another key element mentioned by several of the interviewees was the need to develop a clear and unified definition of the numerous social considerations. The lack of a coherent and shared understanding of the social aspects of climate policies can jeopardise the effective implementation of the Fit for 55 package, leaving room for dissimilar interpretation of these terms. However, 'energy poverty' was mentioned by the research participants as a positive example, whereby a quantifiable definition was included in the Commission's original proposal and further clarified and broadened by the Parliament in its agreed position. Attempts to provide a similarly agreed and explicit definition for 'transport poverty' were nevertheless unsuccessful. This was seen by several MEPs as a serious omission, considering the high number of households that already struggle to access safe and affordable transport, especially in peripheral areas, and that may find their circumstances further deteriorate as a result of policies such as the ETS2.

Qualitative data were also valuable in terms of providing greater insight into how contextual factors influenced the MEPs' thoughts and priorities. Russia's war on Ukraine and the intensified climate crisis have increased the awareness among EU policymakers of the need to balance climate issues with social and economic considerations. At the same time, these challenges have made it more difficult for MEPs to take decisive and ambitious action on either issue.

In the context of the energy and cost-of-living crises, the potential benefits of the accelerated deployment of renewable energy and enhanced efficiency have become more prominent. However, it is important to ensure that large-scale renewable energy projects bring benefits, rather than disadvantages, to the local communities. To avoid opposition and adverse social impacts, companies must enable local participation and meaningful engagement with the affected communities at the planning stage.

Another challenge that was highlighted in the interviews was the need to ensure that the benefits from interventions such as subsidies to improve energy efficiency and to increase renewable energy deployment by households will accrue to those who **need them most**. The clean energy package has very strong consumer rights components, but no member state has fully translated these into national legislation. This makes it difficult for consumers to form energy communities, even where this would be beneficial and financially profitable. Overall, the policymakers are increasingly conscious that the measures and spending to mitigate the impact of the current energy price crisis need to have long-term benefits. This can be achieved more viably through structural changes than short-term 'solutions', which effectively constitute fossil fuel subsidies.

To summarise, this research illustrates that social issues have increased in prominence during the parliamentary negotiations of the selected Fit for 55 package files. This change has largely been driven by the changing economic and geopolitical circumstances as well as the growing impacts of the climate crisis. However, several elements of

the files leave room for improvement – for example because they lack clear definitions for crucial terms or fail to mention explicitly the most severely affected social groups.

As we are moving into the implementation phase of the Fit for 55 package with an enhanced EU Nationally Determined Contribution of at least 57%, 186 and in a context marked by multiple overlapping crises, it is more important than ever to strengthen solidarity among the member states and embed social considerations into the key climate policy files. This could help secure continuing public support for the level of ambition needed to deliver the Fit for 55 package, and to future-proof the EU economy, building stock and energy infrastructure for future generations. As one of the research participants underlined, we not only can do better, we have to do better.



We not only can do better, we have to do better.



# ANNEXES

## **ANNEX 1:** RESEARCH METHODOLOGY

### **RESEARCH QUESTIONS**

The purpose of this research project has been to address the questions below.

- 1) What social issues and potential social impacts were mentioned in the Commission's original policy proposals (July 2021) for the selected files?
  - a. How detailed were these mentions?
- 2) What geopolitical and societal developments have led to social issues being subject to growing attention within the EU over the past 12 months?
  - a. How have these developments been reflected in the EU's climate policy discourse, and the action of the Commission and the Parliament?
  - b. Which stakeholders have been most vocal in demanding greater consideration of the social issues in EU climate policy, particularly in reference to the Fit for 55 package?

- 3) How has the growing awareness of social challenges and opportunities been reflected in the Parliament's proposed amendments to the Commission's original proposals on the selected policy files?
  - a. Which parliamentary groups, or individual Members of the European Parliament (MEPs) have been most vocal in demanding greater inclusion or consideration of potential (positive and negative) social impacts in the selected climate policy files and why?
  - b. How successful have these attempts been?
- 4) What specific proposals has the European Parliament made in reference to social issues in its agreed (Plenary) position on the selected policy files?
  - a. How detailed and contextualised are MEPS' comments or requests for further assessment, evidence review or impact assessment?

## DESCRIPTION OF THE MIXED METHODS APPROACH

Our research applied a mixed methods approach, including a non-systematic literature review, quantitative analysis, an in-person workshop (held in Brussels on 26 September 2022) and five semi-structured online interviews. The approach consisted of four main steps.

## Step 1: Review of the European Commission's original proposals

- Using automated word search, we counted the number of times that certain key terms relating to social issues appeared in the selected policy proposal documents (the full list of the search terms and full results are available in Annex 3 of this policy study – Results of the quantitative analysis).
- After identifying the key terms for each file, we revisited the documents to collect information about how these issues are referred to and discussed, organising the information under the key themes of:
  - social impacts
  - inequality
  - jobs and skills
  - cost-of-living considerations<sup>187</sup>
- We also searched the files for any extensive discussion of the social issues in any of the original proposals in order to identify any specific topics that had been included in exceptional detail but this search did not generate any meaningful results.

Step 2: Non-systematic review of the key events taking place since 14 July 2022 that have substantially influenced the climate discourse and focus on social issues.

- Our review of grey literature and newspaper coverage was used to identify the key events that may have influenced the way in which social and climate discourses have become linked with each other.
- An in-person workshop (conducted under the Chatham House Rule of comments being reported anonymously) and five semi-structured online interviews with MEPs or their team members who had been involved in the negotiations were carried out to identify which stakeholders had been most vocal in demanding that climate policy also address social issues and societal challenges.
- The literature reviews, the roundtable event and the interviews were also used to understand the EU policymakers viewpoint during the second half of 2021 and the first half of 2022 when responding to public requests and demands for EU climate policy to better integrate and address social issues.

Step 3: Analysis of the leading parliamentary committees' proposed amendments to the selected files and the Parliament's agreed final positions.

- Using the same approach as described in Step 1, we reviewed the leading EU parliamentary committee's proposed amendments to the four selected climate policy files and the Parliament's agreed positions (ITRE for the RED and the EED, ENVI for the ETS for buildings and transport, and for CO<sub>2</sub> emissions for cars and vans). (The full list of the search terms and full results are available in Annex 3 of this policy study Results of the quantitative analysis).
- As in Step 1, we then restricted further search to the key terms and concepts that appeared in each file to understand the level of detail in which they were discussed. This process also provided us with some insight into who have been the driving stakeholders behind the proposals for amendments to better integrate social issues into the climate files, enabling us to identify some ideal interviewees.
- The interviews then provided further insight into the discussion that took place in the European Parliament, including on why some reference to social issues was not included in the Parliament's agreed position, who were the driving forces calling for statements to be watered down, terminology, or reference to any specific vulnerable groups.
- We also carried out a brief online search for any statements released by the lead rapporteurs from the most relevant committees that were consulted for opinion (such as FEMM and ENVI for the EED; DEVE, REGI and IMCO for the RED; DEVI for the ETS).
- Where possible, we also sought to identify which
  political groups were active in driving specific
  amendments or actively opposing their inclusion.
  To this end, great insight was gained from the
  workshop discussion and the interviews.

Step 4: Comparison of how social aspects are covered in the Commission's original proposal and the Parliament's agreed position for the relevant files.

- This involved comparing the number of times the key terms used relating to social issues were present in the Commission's original proposals and the Parliament's agreed position for each of the four policy files.
- Qualitative data from the workshop and the interviews, together with textual analysis, was used to develop some understanding of how and why certain terms referring to social issues appeared more (or less) frequently in the Parliament's agreed position than in the Commission's original file. The non-systematic review of available literature in Step 2 also assisted us in carrying out this analysis.
- A number of key terms that appeared as fundamentally important, based on the analysis carried out in Step 2 (such as 'just transition', 'energy poverty' and 'cost-of-living crisis'), as well as terms that had significantly increased or decreased in frequency, were identified and contextualised to understand these changes. The workshop discussion and interviews were once again helpful in better understanding the discrepancies and the processes resulting in more (or less) frequent inclusion of certain terms.

## **QUANTITATIVE RESEARCH (FREQUENCY COUNT) - ADDITIONAL DETAILS**

TABLE 10: WORDS INCLUDED IN THE FREQUENCY COUNT

COST OF LIVING	JOBS, EMPLOYMENT	SOCIAL
Disadvantage(s), disadvantaged	justice, just transition,	social impact(s)
Energy poverty	low income(s)/low-income(s)	transport poverty
Energy security (only for the RED)	mobility poverty (only for ETS)	unemployment
Inequalities	poverty	vulnerable
Inequality	quality of life	

TABLE 11: SUMMARY OF THE COMMITTEES RESPONSIBLE FOR THE FILE AND FOR OPINION

FILE NAME	COMMITTEE RESPONSIBLE AND RAPPORTEUR	COMMITTEE FOR OPINION
CO <sub>2</sub> standards for cars and vans	ENVI Jan Huitema (Renew Europe)	TRAN ITRE <sup>188</sup>
Energy Efficiency Directive	ITRE Niels Fuglsang (S&D)	TRAN FEMM ENVI <sup>189</sup>
Renewable Energy Directive	ITRE Markus Pieper (EPP)	PETI DEVE AGRI REGI IMCO TRAN ENVI <sup>190</sup>
Revision of the EU Emissions Trading System	ENVI Peter Liese (EPP)	DEVE TRAN ITRE BUDG <sup>191</sup>

## TABLE 12: SUMMARY OF THE DOCUMENT TYPES ANALYSED IN THE QUANTITATIVE RESEARCH<sup>192</sup>

FULL NAME ON THE PARLIAMENT WEBSITE	SHORTENED NAME USED IN THE ANALYSIS
Legislative proposal/Legislative proposal published	Commission proposal
Committee draft report	Lead committee draft report
Amendments tabled in committee	Amendments xx-xx <sup>193</sup>
Committee report tabled for Plenary, 1st reading/single reading	Committee report tabled for Plenary
Text adopted by Parliament, partial vote at 1st reading/single reading	Text adopted by the Parliament

- The results on 'social' also include the term 'socially', as this adverb has a very close meaning to the word 'social' and is included in several files (eg, 'socially just', 'socially acceptable').
- Some of the texts analysed also mentioned 'low and middle income' households. However, the keyword search particularly focused on 'low income'/ 'low-income'. Instances where the texts mention 'low and middle income' are not therefore included in our frequency counts.
- The frequency counting was done in Adobe reader using the word search function. To ensure accuracy, the number of hits was double-checked. Where the singular and plural form of the word has the same etymon (eg, 'social impact', 'social impacts' the hits are presented under the same

- column (eg, 'social impact(s)).
- Both 'cost-of-living' (adjectival form) and 'cost of living' (noun form) have been searched for. However, as there was only one match for cost of living in the ETS2 file, only the noun form was included in the tables showcasing the results.
- When counting the number of times certain terms appeared in files by the European Parliament, their appearances in text in the original proposal from the European Commission or the present legislative text (the left-hand column in the analysed documents) were excluded, as this would have resulted in occasional double-counting.
- Word matches found in the footnotes of analysed documents (eg, websites, other legislations referenced, and in the justification or explanation sections) were also counted.

- The report tabled for the Plenary also includes the opinions given by opinion committees, and the content of these opinions was included in the frequency counts. There are instances where an amendment suggested by the opinion-giving committee made it to the Draft European Parliament Legislative Resolution. In these instances, words might be counted twice being part of both the opinion and the draft resolution. Due to the volume of the documents reviewed, these duplications could not be eliminated.
- It is pivotal to note that due to the large number of amendments, our research did not conduct a systemic review of all amendments proposed. The list of key MEPs in the negotiations that is provided in Section 4 cannot therefore be considered a complete list of all MEPs who were playing a crucial role in the greater inclusion and consideration of social aspects.
- To simplify the names of the files, our analysis introduced a new labelling of the documents as seen in Table 12.
- In the frequency count tables (Table 5, 7, 8 and 9) amendments that were included in the files titled Amendments are aggregated under the column "Amendments aggregated result". However, it is important to note that the lead committee draft report already includes amendments.
- Regarding the Commission's proposals, the Annexes attached to the proposals were included in the analysis as well.

### **FILE-SPECIFIC CONSIDERATIONS**

- 'Energy and transport poverty' (or, interchangeably, 'transport and energy poverty') were frequently used, for example in the EED file. Upon discovering this, this term was added to the frequency count (see table 14 in Annex 3). References to 'energy and transport poverty' were counted both under 'energy poverty' and 'transport poverty'. Similar practice was applied to 'mobility poverty' for the ETS2 file for instance. When 'energy and mobility poverty' was mentioned it was counted separately both as 'energy poverty' and 'mobility poverty'. The word 'poverty' in itself was separately counted, distinct from hits of 'energy poverty', 'transport poverty' or 'mobility poverty'.
- As the amendments related to ETS2 have been embedded in the ETS file, keywords in the files were counted when they related to the words 'buildings' and 'road transport' as well as to Chapters, Articles and paragraphs relevant for ETS2 in the original Commission proposal. Due to the complexity of the ETS file, instances of word mentions have been counted where the word was clearly linked to ETS2 only. In the ETS2 file, the word 'social' was counted in all instances where the 'Social Climate Fund' was mentioned.

### **QUALITATIVE RESEARCH**

The qualitative component of this research project consisted of an expert workshop / focus group and interviews.

### **WORKSHOP**

- The expert workshop (referred to in the results as 'focus group') was organised by FEPS in collaboration with the Friedrich-Ebert-Stiftung (FES) and the Cambridge Institute for Sustainability (CISL). The in-person only (online participation was not possible) workshop took place on 26 September 2022 in the FEPS office in Brussels. As part of the workshop Sanna Markkanen and Krisztina Zalnoky (CISL) presented the initial findings of the research which was followed by reflections from MEPs and various stakeholders with different areas of expertise. There was also a stakeholder Q&A session with the MEPs who were present. The workshop was carried out under the Chatham House Rule and moderated by David Rinaldi (FEPS).
- The input provided during the workshop has been summarised and analysed in this policy study in a non-attributable way.

### **INTERVIEWS**

 Between 17 and 26 October, five semi-structured interviews using Teams video call function were conducted with MEPs or with members of their team who were working on any of the four files. The interviews lasted on average between 30 and 45 minutes. Each interview was attended by at least two of our researchers.  A short project description and a list of guiding questions were shared with the interviewees prior to the interview. The list of questions sent for each interview is provided below. However, if the interviewee raised an interesting and relevant issue that was not included in this list, the discussion also proceeded to cover that issue. Questions that were irrelevant for any specific interviewee were not addressed.

### Interview topic guide:

- What does "integrating the social dimension into the Fit for 55 package" mean for your work as an MEP?
- What, in your view, are the most important social issues that climate legislation should cover?
- What social aspects are most prominently covered in the legislative file(s) that you focus on?
- What are the key debates and differences in opinion among political groups with regards to the social dimension in the legislative file(s) you focus on?
- ▶ Which events during the past 12 months have increased or decreased the relevance of social aspects in the package?
- ▶ What impact, if any, do you think that the war against Ukraine, the cost-of-living crisis and other geopolitical developments will have on how social aspects are covered in the Fit for 55 policy files as the trilogues progress?
- Which stakeholders do you think are / have been pivotal in pushing for greater inclusion of social issues in the design and implementation of the Fit for 55 package? What are meaningful ways of engaging these stakeholders?

- The interviews focused primarily on the four files included in our research. However, in some instances information was shared by the interviewees that was also related to the revision of the Energy Performance of Buildings Directive (EPBD). While the EPBD has significant social impacts and is closely linked to the four files selected for our research, it was not covered in this policy study because the parliamentary process on reaching an agreed position on the EPBD had not yet concluded at the time our research took place.
- Concerning the acknowledgment options, interviewees could decide whether they wanted to stay anonymous; be listed in the acknowledgments section, but not attributed to their contribution; or mentioned in the acknowledgments section and also attributed to their contribution. The interviewees' responses to this question of acknowledgment were recorded in writing.

### ANALYSIS OF THE QUALITATIVE DATA

Due to the complexity of the files, it was not possible to use any word counting and analysing software (eg, NVivo). Thematic analysis was therefore carried out manually using detailed notes, including some direct quotations, from the expert working group (focus group) and each of the interviews.

# **ANNEX 2:** AN OVERVIEW OF THE EU INSTITUTIONS INVOLVED IN THE ORDINARY LEGISLATIVE PROCEDURE

## TABLE 13: SUMMARY OF THE FUNCTIONS AND RESPONSIBILITIES OF SELECTED EUROPEAN INSTITUTIONS

INSTITUTION	WHO IS PART OF IT? WHAT DOES IT DO?
European Parliament	The European Parliament is the EU's only directly elected institution. It is composed of 705 members (MEPs) from the 27 member states, which are divided into 7 political groups. 194 Its current president is Roberta Metsola (EPP). "The Parliament acts as a co-legislator, sharing with the Council of the EU the power to adopt and amend legislative proposals and to decide on the EU budget. It also supervises the work of the Commission and other EU bodies and cooperates with national parliaments of EU countries to get their input." 195
European Commission	The European Commission is the executive body of the EU. It is composed of the College of 27 Commissioners (one for each member state). Its current President is Ursula von der Leyen. Concerning its authority on European legislation, the Commission's responsibilities include "planning, preparing and proposing new European laws." <sup>1196</sup> "The Commission helps to shape the EU's overall strategy, proposes new EU laws and policies, monitors their implementation and manages the EU budget. It also plays a significant role in supporting international development and delivering aid." <sup>1197</sup>
The European Council & the Council of the European Union	The European Council and the Council of the European Union are the only two EU institutions that are openly intergovernmental. This means that their representatives' position reflects the views of their member state's executive.  The European Council is the institution that determines the general priorities and political direction of the EU. Its members are the heads of state or government of the 27 member states, the president of the European Council and the president of the European Commission. Its current president is Charles Michel.  The Council of the EU, often referred to simply as 'the Council', is the other co-legislator of the EU, alongside the Parliament. It also "coordinates EU countries' policies; develops the EU's foreign & security policy, based on European Council guidelines; concludes agreements between the EU and other countries or international organisations; adopts the annual EU budget - jointly with the European Parliament" 198

## **ANNEX 3:** RESULTS OF THE QUANTITATIVE ANALYSIS

## TABLE 14: RESULTS OF THE QUANTITATIVE ANALYSIS (FREQUENCY COUNT)

CO2 STANDARDS FOR CARS AND VANS   CO2 STANDARDS FOR CARS AND VANS AND CARS AND VANS AND CARS AND CA		Key words	social impact(s)	social	inequal- ity	inequali- ties	low-in- come/ low in- come(s)	disadvan- tage(s)	disad- vantaged	jobs
Commission proposal	File & Document names	Frequency and location				Overal	l count			
Lead committee draft report	CO2 STANDARDS FOR	CARS AND VANS								
Amendments 35-354  Amendments 35-568  0 40 0 0 0 0 0 0 0 1  Amendments 35-658  0 40 0 0 0 0 0 0 0 1  Text adopted by the Parliament  0 19 0 0 0 1 0 0 10 3 14  Text adopted by the Parliament  0 19 0 0 0 1 0 0 11 3  SUM 7 255 0 0 1 0 0 1 0 11 34  SUM 7 255 0 0 0 1 0 0 11 34  SUM 7 255 0 0 0 1 0 0 11 34  SUM 8 7 255 0 0 0 1 0 0 10 11 34  SUM 8 7 255 0 0 0 1 0 0 1 0 11 34  SUM 9 7 255 0 0 0 1 0 0 1 0 0 11 34  SUM 9 7 255 0 0 0 1 0 0 1 0 0 1 34  SUM 9 7 255 0 0 0 1 0 0 1 0 0 1 34  SUM 9 7 25 0 0 0 1 0 0 1 0 0 0 7  Lead committee draft report  0 1 1 0 0 0 0 1 1 0 0 1 0 1 0 1 0 0 1 1 0 0 1 1 0 0 1 1 0 0 1 1 0 0 1 1 0 0 1 1 1 0 0 1 1 1 1 1 0 0 1	Commission proposal	Annex	1	13	0	0	0	0	1	1
Amendments 355-658  0 40 0 0 0 0 0 0 0 0 0 0 1 1 Committee report tabled for Plenary 1 0 69 0 0 0 1 0 0 3 14 SUM 7 255 0 0 0 1 0 0 11 34 SUM 7 255 0 0 0 1 0 0 11 34 SUM 7 255 0 0 0 1 0 0 11 34 SUM 7 255 0 0 0 1 0 0 11 34 SUM 7 255 0 0 0 1 0 0 11 34 SUM 7 255 0 0 0 1 0 0 1 0 11 34 SUM 7 255 0 0 0 1 0 0 1 0 0 1 1 34 SUM 7 255 0 0 0 0 1 0 0 1 1 0 0 1 1 34 SUM 7 255 0 0 0 0 1 0 0 0 0 0 7 7 SUM 7	Lead committee draft report		2	10	0	0	0	0	0	0
Committee report tabled for Plenary	Amendments 35-354		3	104	0	0	0	0	5	14
Text adopted by the Parliament	Amendments 355-658		0	40	0	0	0	0	0	1
SUM	Committee report tabled for	Plenary	1	69	0	0	1	0	3	14
RENEWABLE ENERGY DIRECTIVE  Commission proposal Annex 0 2 0 0 0 2 0 0 0 7  Lead committee draft report 0 1 0 0 0 0 0 1 0 1  Amendments 77 - 243 0 10 0 0 0 0 0 0 0 0 0 0  Amendments 244 - 510 0 0 4 0 0 0 0 0 0 0 0 0  Amendments 517-705 0 0 0 0 0 0 1 0 0 0 0 0  Amendments 517-705 0 0 0 0 0 0 1 0 0 0 0 0 0  Amendments 517-705 0 0 0 0 0 0 0 1 0 0 0 0 0  Amendments 957 - 1210 0 1 0 0 0 0 0 0 0 0 0 0 0 0 0  Amendments 211 - 1310 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0  Amendments 211 - 1310 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Text adopted by the Parliam	ent	0	19	0	0	0	0	2	4
Commission proposal   Annex   0   2   0   0   2   0   0   7	SUM		7	255	0	0	1	0	11	34
Lead committee draft report    Colorable   Colorable	RENEWABLE ENERGY D	IRECTIVE								
Amendments 77 - 243	Commission proposal	Annex	0	2	0	0	2	0	0	7
Amendments 77 - 243			0	1	0	0	0	1	0	1
Amendments 511-705	·		0	10	0	0	2	0	0	7
Amendments 706-956	Amendments 244 - 510		0	4	0	0	0	0	0	0
Amendments 957 - 1210	Amendments 511-705		0	0	0	0	1	0	0	2
Amendments 1211 - 1310	Amendments 706-956		0	5	0	0	5	0	0	0
Committee report tabled for Plenary   1   32   0   4   11   3   0   14	Amendments 957 - 1210		0	1	0	0	0	2	0	1
Text adopted by the Parliament 0 11 0 2 3 0 0 0 4 SUM 1 666 0 6 24 6 0 36 ENERGY EFFICIENCY DIRECTIVE  Commission proposal Annex 1 94 0 1 1 1 1 1 6 6 6 0 0 0 0 0 0 0 0 0 0 0	Amendments 1211 - 1310		0	0	0	0	0	0	0	0
SUM	Committee report tabled for	Plenary	1	32	0	4	11	3	0	14
ENERGY EFFICIENCY DIRECTIVE  Commission proposal Annex 1 94 0 1 1 1 1 1 6  Lead committee draft report 0 33 0 0 9 0 0 0 0  Amendments 142-314 0 56 0 1 3 0 3 7  Amendments 315-595 0 31 0 1 1 0 0 2 1  Amendments 886-1190 0 28 0 0 1 0 30 2 5 17  Text adopted by the Parliament 0 98 0 1 13 1 1 1 5  SUM 1 675 0 14 64 4 17 36  REVISION OF THE EU EMISSIONS TRADING SYSTEM  Committee draft report 4 0 16 0 1 0 0 0 0 0 0 0  Lead committee draft report 4 0 16 0 1 0 0 0 0 0 0 0  Amendments 115-464 0 16 0 1 0 0 0 0 0 0 0 0 0  Amendments 465-808 7 77 0 0 0 0 0 0 0 0 0  Amendments 809-905 0 10 0 0 0 0 0 0 0  Amendments 976-1156 0 2 0 0 0 0 0 0 0 0  Amendments 1157-1324 0 2 0 0 0 0 0 0 0 0  Amendments 1157-1324 0 2 0 0 0 0 0 0 0 0  Amendments 1157-1324 0 0 2 0 0 0 0 0 0 0 0  Amendments 1157-1324 0 0 2 0 0 0 0 0 0 0 0  Amendments 1157-1324 0 0 2 0 0 0 0 0 0 0 0 0  Amendments 1157-1324 0 0 2 0 0 0 0 0 0 0 0 0  Amendments 1157-1324 0 0 2 0 0 0 0 0 0 0 0 0  Amendments 1157-1324 0 0 2 0 0 0 0 0 0 0 0 0  Amendments 1157-1324 0 0 2 0 0 0 0 0 0 0 0 0  Amendments 1157-1324 0 0 2 0 0 0 0 0 0 0 0 0  Amendments 1157-1324 0 0 2 0 0 0 0 0 0 0 0 0  Amendments 1157-1324 0 0 2 0 0 0 0 0 0 0 0 0 0  Amendments 1157-1324 0 0 2 0 0 0 0 0 0 0 0 0 0  Amendments 1157-1324 0 0 2 0 0 0 0 0 0 0 0 0 0  Amendments 1157-1324 0 0 2 0 0 0 0 0 0 0 0 0 0  Amendments 1157-1324 0 0 2 0 0 0 0 0 0 0 0 0 0  Amendments 1157-1324 0 0 2 0 0 0 0 0 0 0 0 0 0  Amendments 1157-1324 0 0 2 0 0 0 0 0 0 0 0 0 0  Amendments 1157-1324 0 0 2 0 0 0 0 0 0 0 0 0 0  Amendments 1157-1324 0 0 2 0 0 0 0 0 0 0 0 0 0  Amendments 1157-1324 0 0 2 0 0 0 0 0 0 0 0 0 0 0  Amendments 1157-1324 0 0 2 0 0 0 0 0 0 0 0 0 0 0 0  Amendments 1157-1324 0 0 2 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Text adopted by the Parliam	ent	0	11	0	2	3	0	0	4
Commission proposal         Annex         1         94         0         1         1         1         1         1         1         6           Lead committee draft report         0         33         0         0         9         0         0         0           Amendments 142 - 314         0         56         0         1         3         0         3         7           Amendments 315 - 595         0         31         0         1         1         0         2         1           Amendments 596 - 885         0         74         0         0         6         0         3         0           Amendments 886 - 1190         0         28         0         0         1         0         2         0           Committee report tabled for Plenary         0         261         0         10         30         2         5         17           Text adopted by the Parliament         0         98         0         1         13         1         1         5           SUM         1         675         0         14         64         4         17         36           REVISION OF THE EU EMISSIONS TRADI	SUM		1	66	0	6	24	6	0	36
Lead committee draft report       0       33       0       0       9       0       0       0         Amendments 142 - 314       0       56       0       1       3       0       3       7         Amendments 315 - 595       0       31       0       1       1       0       2       1         Amendments 596 - 885       0       74       0       0       6       0       3       0         Amendments 886 - 1190       0       28       0       0       1       0       2       0         Committee report tabled for Plenary       0       261       0       10       30       2       5       17         Text adopted by the Parliament       0       98       0       1       13       1       1       5         SUM       1       675       0       14       64       4       17       36         REVISION OF THE EU EMISSIONS TRADING SYSTEM         Commission proposal       Annex       2       19       0       0       0       0       0       0         Lead committee draft report       0       38       0       0       1       0       0 <td><b>ENERGY EFFICIENCY D</b></td> <td>IRECTIVE</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>	<b>ENERGY EFFICIENCY D</b>	IRECTIVE								
Amendments 142-314 0 56 0 1 3 0 3 7  Amendments 315-595 0 31 0 1 1 0 0 2 1  Amendments 596-885 0 74 0 0 6 0 3 0  Amendments 886-1190 0 28 0 0 1 0 2 0  Committee report tabled for Plenary 0 261 0 10 30 2 5 17  Text adopted by the Parliament 0 98 0 1 13 1 1 5  SUM 1 675 0 14 64 4 17 36  REVISION OF THE EU EMISSIONS TRADING SYSTEM  Commission proposal Annex 2 19 0 0 0 0 0 0 0 0  Lead committee draft report 0 38 0 0 1 0 0 0 0 0 0  Amendments 115-464 0 16 0 1 0 0 0 0 0 0 0  Amendments 465-808 7 77 0 0 0 0 0 0 0 0 0  Amendments 809-905 0 10 0 0 0 0 0 0 0  Amendments 976-1156 0 2 0 0 0 0 0 0 0  Amendments 1157-1324 0 2 0 0 0 0 0 0 0  Amendments 1325-1477 1 72 0 0 0 2 0 0 0  Amendments 1478-1711199 0 0 0 0 0 0 0 0	Commission proposal	Annex	1	94	0	1	1	1	1	6
Amendments 315 - 595       0       31       0       1       1       0       2       1         Amendments 596 - 885       0       74       0       0       6       0       3       0         Amendments 886 - 1190       0       28       0       0       1       0       2       0         Committee report tabled for Plenary       0       261       0       10       30       2       5       17         Text adopted by the Parliament       0       98       0       1       13       1       1       5         SUM       1       675       0       14       64       4       17       36         REVISION OF THE EU EMISSIONS TRADING SYSTEM         Commission proposal       Annex       2       19       0       0       0       0       0       0         Lead committee draft report       0       38       0       0       1       0       0       0       0         Amendments 115- 464       0       16       0       1       0       0       0       0       0       0         Amendments 809-905       0       0       0       0 <t< td=""><td>Lead committee draft report</td><td></td><td>0</td><td>33</td><td>0</td><td>0</td><td>9</td><td>0</td><td>0</td><td>0</td></t<>	Lead committee draft report		0	33	0	0	9	0	0	0
Amendments 596 - 885 0 74 0 0 6 0 3 0 2 0 0 Amendments 886 - 1190 0 28 0 0 0 1 0 2 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Amendments 142 - 314		0	56	0	1	3	0	3	7
Amendments 886 - 1190         0         28         0         0         1         0         2         0           Committee report tabled for Plenary         0         261         0         10         30         2         5         17           Text adopted by the Parliament         0         98         0         1         13         1         1         5           SUM         1         675         0         14         64         4         17         36           REVISION OF THE EU EMISSIONS TRADING SYSTEM           Commission proposal         Annex         2         19         0 <td>Amendments 315 - 595</td> <td></td> <td>0</td> <td>31</td> <td>0</td> <td>1</td> <td>1</td> <td>0</td> <td>2</td> <td>1</td>	Amendments 315 - 595		0	31	0	1	1	0	2	1
Committee report tabled for Plenary         0         261         0         10         30         2         5         17           Text adopted by the Parliament         0         98         0         1         13         1         1         5           SUM         1         675         0         14         64         4         17         36           REVISION OF THE EU EMISSIONS TRADING SYSTEM           Commission proposal         Annex         2         19         0	Amendments 596 - 885		0	74	0	0	6	0	3	0
Text adopted by the Parliament 0 98 0 1 13 1 1 1 5 SUM 1 675 0 14 64 4 17 36 REVISION OF THE EU EMISSIONS TRADING SYSTEM  Commission proposal Annex 2 19 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Amendments 886 - 1190		0	28	0	0	1	0	2	0
SUM         1         675         0         14         64         4         17         36           REVISION OF THE EU EMISSIONS TRADING SYSTEM           Commission proposal         Annex         2         19         0<	Committee report tabled for	Plenary	0	261	0	10	30	2	5	17
REVISION OF THE EU EMISSIONS TRADING SYSTEM	Text adopted by the Parliam	ent	0	98	0	1	13	1	1	5
Commission proposal         Annex         2         19         0         0         0         0         0         0           Lead committee draft report         0         38         0         0         1         0         0         0           Amendments 115 - 464         0         16         0         1         0         0         0         0           Amendments 465 - 808         7         77         0         0         0         0         0         0         0         0           Amendments 809-905         0         10         0	SUM		1	675	0	14	64	4	17	36
Lead committee draft report         0         38         0         0         1         0         0         0           Amendments 115 - 464         0         16         0         1         0         0         0         0           Amendments 465 - 808         7         77         0         0         0         0         0         0         0           Amendments 809-905         0         10         0	REVISION OF THE EU EMIS	SSIONS TRADING SYSTEM								
Amendments 115 - 464       0       16       0       1       0       0       0       0         Amendments 465 - 808       7       77       0       0       0       0       0       0         Amendments 809-905       0       10       0       0       0       0       0       0       0         Amendments 976-1156       0       2       0       0       0       0       0       0         Amendments 1157-1324       0       2       0       0       0       0       0       0         Amendments 1325 - 1477       1       72       0       0       2       0       0       0       0       0         Amendments 1478 - 1711 <sup>199</sup> 0       26       0       0       0       0       0       0       0	Commission proposal	Annex	2	19	0	0	0	0	0	0
Amendments 115 - 464       0       16       0       1       0       0       0       0         Amendments 465 - 808       7       77       0       0       0       0       0       0         Amendments 809-905       0       10       0       0       0       0       0       0       0         Amendments 976-1156       0       2       0       0       0       0       0       0         Amendments 1157-1324       0       2       0       0       0       0       0       0         Amendments 1325 - 1477       1       72       0       0       2       0       0       0       0       0         Amendments 1478 - 1711 <sup>199</sup> 0       26       0       0       0       0       0       0       0			0	38	0	0	1	0	0	0
Amendments 809-905       0       10       0       0       0       0       0       0         Amendments 976-1156       0       2       0       0       0       0       0       0         Amendments 1157-1324       0       2       0       0       0       0       0       0         Amendments 1325 - 1477       1       72       0       0       2       0       0       0         Amendments 1478 - 17111199       0       26       0       0       0       0       0       0			0		0	1	0	0	0	0
Amendments 976-1156       0       2       0       0       0       0       0       0         Amendments 1157-1324       0       2       0       0       0       0       0       0       0         Amendments 1325 - 1477       1       72       0       0       2       0       0       0         Amendments 1478 - 1711199       0       26       0       0       0       0       0       0	Amendments 465 - 808		7	77	0	0	0	0	0	0
Amendments 1157-1324     0     2     0     0     0     0     0     0       Amendments 1325 - 1477     1     72     0     0     2     0     0     0       Amendments 1478 - 1711 <sup>199</sup> 0     26     0     0     0     0     0     0	Amendments 809-905		0	10	0	0	0	0	0	0
Amendments 1325 - 1477     1     72     0     0     2     0     0     0       Amendments 1478 - 1711 <sup>199</sup> 0     26     0     0     0     0     0     0	Amendments 976-1156		0	2	0	0	0	0	0	0
Amendments 1478 - 1711 <sup>199</sup> 0 26 0 0 0 0 0 0	Amendments 1157-1324		0	2	0	0	0	0	0	0
	Amendments 1325 - 1477		1	72	0	0	2	0	0	0
Committee report tabled for Plenary         0         51         0         0         0         0         0         0	Amendments 1478 - 1711 <sup>199</sup>		0	26	0	0	0	0	0	0
	Committee report tabled for	Plenary	0	51	0	0	0	0	0	0
Text adopted by the Parliament 0 29 0 0 0 0 0 0 0	Text adopted by the Parliam	ent	0	29	0	0	0	0	0	0
SUM 10 342 0 1 3 0 0 0	SUM		10	342	0	1	3	0	0	0

employ- nent	unem- ploy- ment	justice	just tran- sition	quality of life	energy poverty	trans- port poverty	mobility poverty (only for ETS)	poverty	cost of living	vulnera- ble	energy security (only for RED)
					Overa	II count					
02 STA	NDARDS I	FOR CARS A	AND VANS								
5	0	0	2	0	0	0	NA	0	0	0	NA
2	0	0	1	0	0	0	NA	0	0	0	NA
17	0	1	15	0	0	0	NA	0	0	3	NA
8	0	0	6	0	0	1	NA	0	0	0	NA
20	0	0	15	0	0	2	NA	0	0	2	NA
8	0	0	7	0	0	0	NA	0	0	2	NA
60	0	1	46	0	0	3	NA	0	0	7	NA
ENEWA	BLE ENER	RGY DIRECT	IVE								
6	0	3	2	0	0	0	NA	0	0	4	0
1	0	0	0	0	0	0	NA	0	0	0	1
5	0	0	0	0	5	0	NA	0	0	1	1
0	0	0	8	0	1	0	NA	0	0	1	0
0	0	0	0	0	1	0	NA	0	0	2	1
0	0	0	1	0	2	0	NA	0	0	6	0
0	0	0	0	1	0	0	NA	0	0	0	0
0	0	0	2	0	0	0	NA	0	0	0	0
8	0	2	5	0	24	1	NA	2	0	13	3
3	0	2	2	0	8	0	NA	1	0	4	2
23	0	7	20	1	41	1	NA	3	0	31	8
NERGY	EFFICIEN	CY DIRECT	IVE								
3	1	1	2	1	104	0	NA	1	0	58	NA
1	0	0	0	0	39	0	NA	1	0	18	NA
2	0	0	1	3	112	1	NA	2	0	44	NA
6	0	0	3	2	30	1	NA	1	0	13	NA
0	0	0	0	0	78	0	NA	1	0	52	NA
0	0	0	0	0	20	0	NA	0	0	17	NA
14	0	1	5	8	258	46	NA	4	0	145	NA
3	0	0	1	3	89	0	NA	2	0	49	NA
29	1	2	12	17	730	48	NA	12	0	396	NA
		EU EMISSI	_								
1	0	0	0	0	3	0	2	0	0	6	NA
0	0	0	0	0	3	0	2	0	0	5	NA
0	0	0	1	0	7	2	2	0	1	15	NA
0	0	0	0	0	30	1	15	1	0	18	NA
0	0	0	0	0	0	0	0	0	0	0	NA
0	0	0	0	0	0	0	0	0	0	0	NA
0	0	0	0	0	0	0	0	0	0	0	NA
0	0	0	13	0	4	3	1	0	0	40	NA NA
0	0	0	12 0	0	0	0	0 4	0	0	18 11	NA NA
0	0		0	0	6	0	5	0	0	5	NA NA
1	0	0	26	0	61	7	31	1	1	118	NA NA

## **END NOTES**

- 1 University of Cambridge Institute for Sustainability Leadership (CISL). (2020). Maximising the benefits: Economic, employment and emissions impacts of a Green Recovery Plan in Europe. Technical Report. Cambridge, UK: CLG Europe (maximising-the-benefits-october-2020.pdf (corporateleadersgroup.com))
- 2 Simon, F. et al (2022), 'The Green Brief: EU Parliament hit by 'tsunami of lobbying', *Euractiv*, 8 June (The Green Brief: EU Parliament hit by 'tsunami of lobbying' EURACTIV.com)
- 3 The European Parliament has seven political groups divided along party lines, although some MEPs are not affiliated with any of these groups.
- 4 Interinstitutional negotiations involving the European Commission, the Council and the Parliament.
- 5 Full methodology, including the limitations of this study and detailed research questions, are available in Annex 1 of this report.
- 6 European Commission (2020) 'Green Deal' (https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal\_en)
- 7 European Commission (2021) 'Communication From The Commission To The European.
  Parliament, The Council, The European Economic And Social Committee And The Committee Of The Regions 'Fit for 55': delivering the EU's 2030 Climate Target on the way to climate neutrality', 14 July, COM(2021) 550 final (https://ec.europa.eu/info/sites/default/files/chapeau\_communication.pdf)
- European Commission (2020) 'Commission Staff Working Document Impact Assessment Accompanying The Document Communication From The Commission To The European Parliament, The Council, The European Economic And Social Committee And The Committee Of The Regions Stepping Up Europe's 2030 Climate Ambition: Investing In A Climate-Neutral Future For The Benefit Of Our People', 17 September (https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020SC0176&from=EN)
- European Central Bank (2021) 'Firms and banks to benefit from early adoption of green policies, ECB's economywide climate stress test shows', Press release, 22 September (www.ecb.europa.eu/press/pr/date/2021/html/ecb.pr210922~59ade4710b.en.html)
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- 88 See Annex 3 for the full list of these and the frequencies at all stages of the process.
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- 193 Amendment numbers added as per the documents' cover pages
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# ABOUT THE AUTHORS



Dr Sanna Markkanen, Research Lead and Senior Analyst

Dr Sanna Markkanen is a Research Programme Lead and Senior Analyst at the Centre for Policy and Industrial Transformation, the Cambridge Institute for Sustainability Leadership (CISL), University of Cambridge. She has extensive and diverse experience of policy evaluation and social policy research. Her previous work has focused on immigration, housing, inequality, deprivation and public health. In recent years, Sanna has carried out research on energy efficiency, the social and economic impacts of the transition to low carbon economy, and how global capital flows can influence the emergence of more sustainable hydropower infrastructure. Her current work focuses on various different aspects of climate policy and the energy transition, including the EU's Fit for 55 Package.



Krisztina Zálnoky, Research Project Manager

Krisztina is a Research Project Manager in CISL's Brussels office. Prior to joining CISL, Krisztina worked at the Education, Audiovisual and Culture Executive Agency of the European Commission and completed internships at the UNICEF Hungarian Committee and the U.S. Commercial Service in Hungary. She gained experience in the private sector, working as an analyst at KPMG on projects related to the Common Agricultural Policy. Krisztina studied International Relations with a specialisation in European integration at Corvinus University Budapest and holds an MSc in Public Policy from University College London. Her master dissertation focused on the impact of the 2008-2009 financial crisis on democracy support in Central and Eastern Europe.



Francesco Giannelli, Policy Intern

Francesco Giannelli joined CISL's Brussels office as a policy intern in autumn 2022 after graduating *cum laude* in International Relations and Diplomatic Affairs at the Alma Mater Studiorum - Università di Bologna, with a strong focus on the history of the European integration and the Middle East. His dissertation analysed the Euro-Israeli relationship between 1957 and 2009, touching upon various aspects. His key areas of interest include international affairs, European politics and political economy. Amongst the various experiences Francesco had before joining CISL, there are: the European Commission (DG BUDG), Finabel - European Army Interoperability Centre, International Institute for Counter-Terrorism (ICT) and the Italian Embassy in Tel Aviv.

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Head Office.
The Entopia Building. 1 Regent St, Cambridge. CB2 1GG, UK. www.cisl.cam.ac.uk
Twitter: @ cisl\_cambridge
Instagram: cisl\_cambridge
Facebook: @ CambridgeSustainability



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