JUST WiND 4 ALL

JUST ENERGY TRANSITION

GUIDE FOR POLICY MAKERS

JUST WiND 4 ALL

The main objective of the Horizon Europa 2020 JustWind4All project (2023–2025) is to inspire, inform and activate dialogue between actors in the European wind energy sector on the theme of justice in the energy transition.

In Portugal, there are two project partners: the Faculty of Sciences of the University of
Together, we are working towards a fairer and more sustainable energy transition, namely through greater economic and political participation by citizens and local communities.

Our stakeholders

What is the energy transition?

It is a process of societal transformation that impacts i) our energy sources – replacing fossil fuels with renewable sources - ii) our networks and the way we distribute, store and manage energy, and finally iii) the way we consume and use that energy..

What is energy justice?

Energy justice is the dimension of this transition that ensures that this process takes place in a democratic, participatory, inclusive and transparent manner, with a fair distribution of costs and benefits.

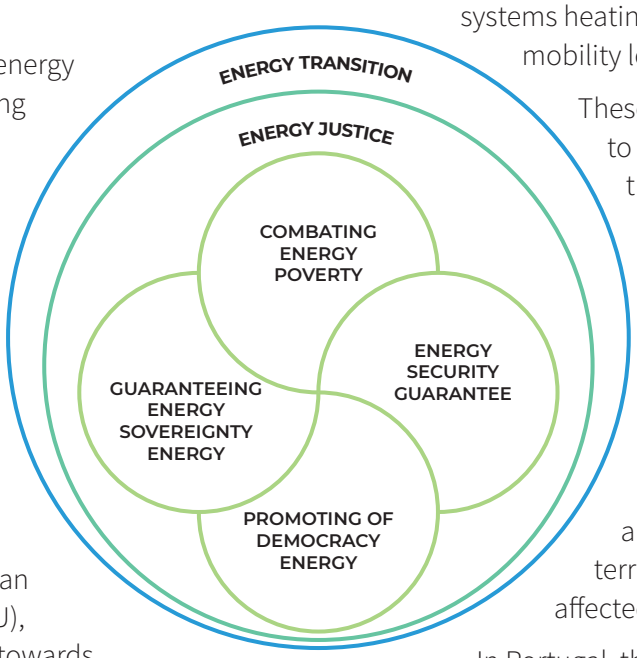
What are the main pillars of energy justice?

PUBLIC POLICY: AN ESSENTIAL PILLAR FOR A JUST ENERGY TRANSITION

The current energy transition goes far beyond the mere replacement of fossil fuels. It represents a profound transformation of the entire energy sector and is inseparable from **the fight against energy poverty**, **increased energy security and autonomy**, and the promotion of **greater and better citizen participation**. One cannot speak of a true energy transition without considering these four pillars.

At European level, the just energy transition has been acquiring a political and financial framework increasingly robust, reflected in various strategic instruments:

- The ***Clean Energy Package for All Europeans*** (2019). Set of legislative proposals of the European Commission aimed at restructuring the European Union's energy policy (EU), deepening its trajectory towards **climate neutrality**, in line with the commitments made in the Paris Agreement. It includes initiatives to support a **just energy transition in all regions and sectors**, and measures to define and monitor energy poverty in Europe.
- The ***Just Transition Mechanism***, part of the European Green Deal, was created to support regions heavily dependent on carbon-intensive activities. Its aim is to mitigate the social and economic impacts of the transition by financing economic conversion, professional retraining and the creation of sustainable job.
- The ***Social Climate Fund*** aims to support households, micro-enterprises and vulnerable transport users potentially affected by the energy transition and climate action policies. Member States can use the revenue allocated to the Social Climate Fund through measures and investments to renovate and improve the energy efficiency of buildings, decarbonise transport systems heating and cooling and adopt mobility low emissions.



These instruments are crucial to ensuring that the energy transition is fair and inclusive. Their effective implementation at national and local level depends, however, on on the capacit of Member States to implement it in a transparent, participatory and targeted manner for the territories and groups most affected.

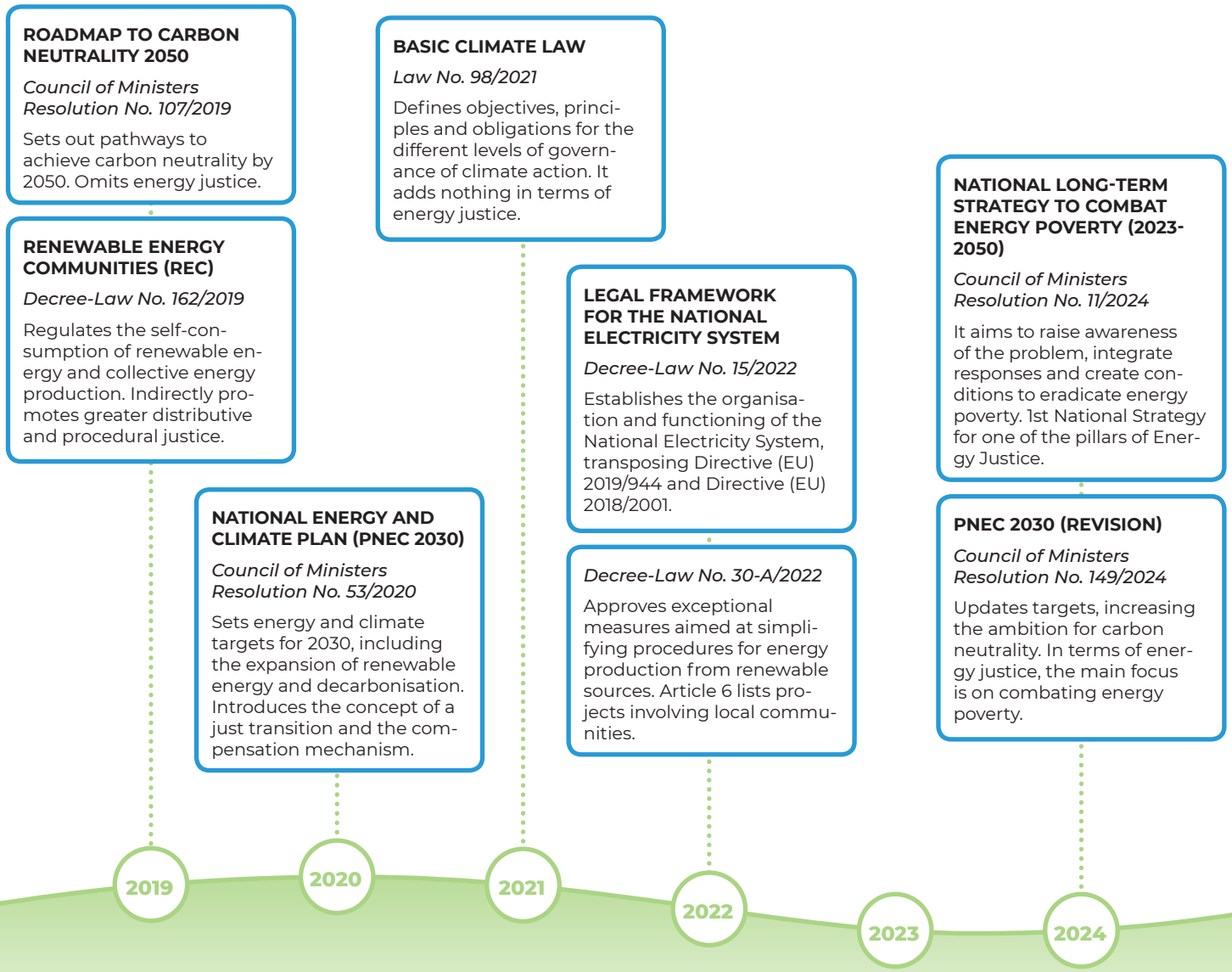
In Portugal, the integration of justice principles into energy policy remains insufficient, and ambitious, comprehensive and coordinated public policies are therefore needed. This guide for policy makers proposes a set of **instruments to promote energy justice**, with a view to ensuring the effective participation of citizens and local communities, promoting **innovative models of governance, ownership and investment**.

Just as it is often said that "without transmission there is no transition," it is equally important to consider that "**without participation and justice there is no transformation**." And it is precisely in this dimension that public policy is central.

EVOLUTION OF THE LEGAL FRAMEWORK FOR ENERGY TRANSITION IN PORTUGAL

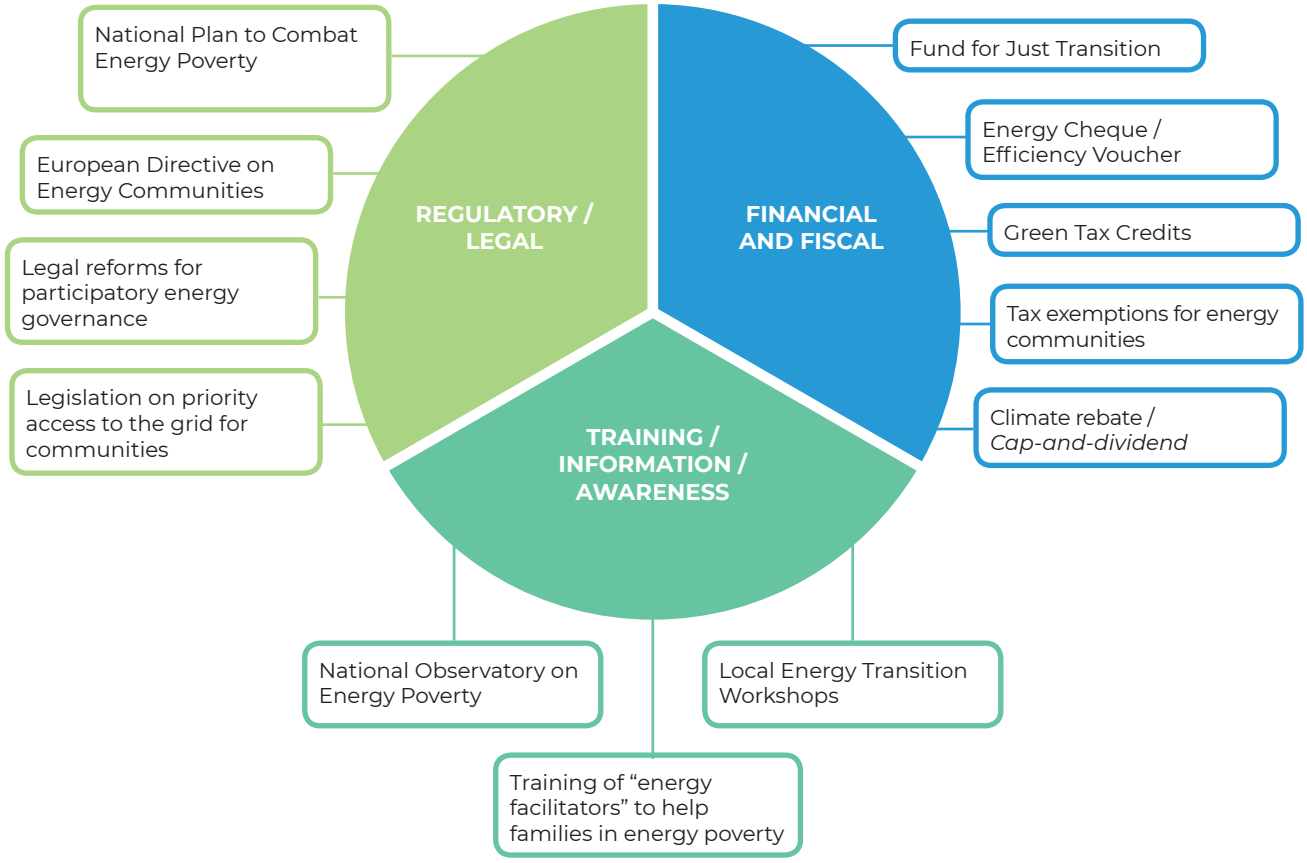
Currently, PNEC 2030 is the main strategy guiding Portugal's energy transition, with ambitious goals to reduce dependence on fossil fuels and greenhouse gas (GHG) emissions, aiming for achieve carbon neutrality by 2045. The strong political ambition of this plan to replace energy sources and their use is unparalleled in other areas of the energy transition, particularly in terms of climate justice

Here, the main focus is on combating energy poverty and guaranteeing compensation mechanisms for workers linked to the fossil fuel industry. There are few or no concrete measures for better energy democracy or for increasing the economic participation of local communities in the necessary investments. A lack of ambition and strategy for a truly just transition?



PUBLIC POLICY INSTRUMENTS

When it comes to public policy instruments for energy transition, it is fair to say that there are no miracle solutions, isolated instruments or options that are beneficial to everyone. The political choice of the appropriate mix of instruments for each country, at each specific moment, must essentially prioritise stability, fairness and resilience in this sector, which is critical for society as a whole. On the one hand, legal clarity and stability are fundamental in defining the rules of a game that has long time horizons. On the other hand, it is up to the political authorities to balance the impetus of private market initiative with the principles of justice and public interests. From the growing literature on the subject, particularly on public policy instruments for a fairer and more participatory energy transition, three main categories emerge and some instruments are widely used worldwide:



THE EUROPEAN CONTEXT – INSPIRING CASES

Despite the European Union's (EU) efforts to promote policies that guarantee energy sovereignty and sustainability, gaps in citizen participation in the energy transition remain significant. However, there are innovative cases in regions such as Denmark, the Netherlands, and Catalonia that offer inspiration and examples of good practice.

DENMARK

Denmark is a pioneer in the development of wind energy, with consistent policies since the 1970s. During the 1980s, tax incentives were granted to households to encourage energy generation in their communities through cooperatives. By 1996, there were around 2,100 cooperatives, which created a popular support base for wind energy. In 2001, wind energy cooperatives encompassed more than 100,000 households, representing 86% of wind turbines. In 2020, 48% of demand was met with wind energy, the highest percentage worldwide, with plans to achieve 100% renewable energy generation by 2035.

Danish policy promotes community participation in renewable energy projects through key measures: (i) reducing income tax for citizens who are members of and invest in energy cooperatives, and (ii) reducing the renewable energy support levy regularly charged on energy bills.

The Danish case illustrates two factors of energy justice: (i) community ownership and the resulting public support for renewable energy projects, (ii) the importance of experimenting with innovative models based on local groups. More recently, despite Despite the long tradition of wind energy, there is growing opposition to new onshore wind farms due to changes in the ownership model. The importance of cooperatives has been declining, to the benefit of large international investors and large-scale projects.

NETHERLANDS

The Netherlands has long-standing experience in wind energy development. Launched in 2019, the Renewable Energy Strategy divides the country into 30 regions, which can set their own targets and guiding principles with a focus on local participation. In the same year, the Dutch Climate Agreement (Klimaatakkoord) proposed that 50% of renewable electricity production should be owned by local communities, encouraging acceptance of new projects.

There are currently 714 active energy cooperatives in almost 89% of the country's municipalities, encompassing 130,000 members*. These cooperatives offer solutions related to solar, wind and thermal energy, energy efficiency and mobility. It is estimated that €165 million has already been invested in wind and solar energy projects*.

* https://www.hier.nu/lokale-energie-monitor-2023/collectieve-windprojecten

LESSONS FROM DENMARK AND THE NETHERLANDS

1. It is necessary to monitor the progress of renewable energy, while ensuring the integration of energy justice principles.
2. Wind projects tend to be more readily accepted by local stakeholders when there is participation and co-ownership.
3. Failure to recognise local impacts and voices often results in tensions and disputes, which can delay project implementation.
4. It is necessary to consider the local impacts of emerging technologies, such as offshore wind energy, recognising the perspectives of communities and nature.
5. Participation guidelines – such as minimum percentages of local investment – require changes to the legal and regulatory framework.
6. New governance structures require the creation of spaces for reflection, learning and action.
7. Synergies and policy coordination facilitate implementation. For example, combining the development of renewables with initiatives to combat energy poverty.

PARTICIPATORY POLICIES: LESSONS FROM CATALONIA

Recent legislation has given an important boost to citizen participation economic participation of citizens in the energy transition. Decree-Law 24/2021* requires, in projects between 5 and 50 MW, agreements with 50% of the owners affected by renewable energy projects, and the opening of 20% of the capital or financing of projects to local populations. It also advocates a new role for municipalities and local authorities. In addition, authorisations for projects with an installed capacity of less than 5 MW are prioritised in order to increase decentralised generation. The Decree also provides for a broad communication campaign to educate the population, as well as formal spaces for dialogue to discuss renewable energy expansion plans and potential nly one local cooperative wind project – Viure De l'aire – there has been a sharp increase in crowlending projects. There are currently six projects on the Fundeen platform open to investment by local communities.

* DECREE LAW 24/2021, of 26 October, on accelerating the deployment of distributed and participatory renewable energies.
https://www.boe.es/ccaa/dogc/2021/8531/f00001-00012.pdf

Type of instrument	Examples of policy initiatives for the Portuguese context	State of implementation in Portugal
Regulatory	1. Establish a "one-stop shop" for licensing local renewable energy projects. Incorporate and integrate socio-cultural organisations and civil society.	1. Council of Ministers Resolution No. 50/2024 of 14 March created EMER 2030, under the coordination of DGEG and APA, with the aim of simplifying the legal and regulatory framework applicable to renewable energy projects and responding to the call for faster licensing processes. Although municipalities are constituents EMER officials, there are no representatives from civil society, citizens' associations or NGOs, nor are there any more ambitious protocols for initiating open and transparent dialogue with a broader network of stakeholders.
	2. Establish legislation that specifies targets for the economic participation of citizens and local communities (e.g., percentage of total investment or percentage of ownership).	2. There is no legislation establishing specific targets for the economic participation of citizens in renewable energy investment or ownership. However, Decree-Law No. 30/A-2022, in Article 6, grants the possibility of co-investment to the local population.
	3. Define formal requirements for local involvement and citizen participation in renewable energy auctions.	3. No such instrument exists. Price (€/MW) is the only criterion for auctions.
Fiscal	1. Grant direct incentives, such as tax credits (or bonuses) to CERs/energy cooperatives.	1. Portugal continued to exempt renewable energy equipment and its installation from VAT in the 2024 State Budget. The instrument encourages the implementation of renewable energy, particularly for SMEs, but has little impact from the point of view of distributive justice.
	2. Granting direct subsidies to RECs/energy cooperatives.	2. Although no direct subsidies have been given specifically for the establishment, development or operation of energy cooperatives, the government has launched two calls for support for CERs and collective self-consumption under the Environmental Fund.
	3. Direct public investment.	3. Non-existent instrument.
	4. Provide the ultimate guarantee for early-stage development (e.g., Guarantee Fund).	4. Non-existent instrument.
Capacity building	1. Build local capacity for effective and meaningful citizen participation.	1. Non-existent instrument.
Information	1. Promote energy literacy and energy citizenship programmes.	The energy justice component remains absent from most energy literacy and energy citizenship support programmes.
	2. Empower citizens and local organisations.	
	3. Improve transparency regulation and anti-corruption mechanisms.	

PUBLIC POLICY RECOMMENDATIONS FOR A JUST ENERGY TRANSITION

1. Increase public funding

Public funding, as a policy instrument, can be decisive in promoting democratic participation in the energy transition by facilitating the entry of new actors - particularly citizens and local communities - in the ownership and governance of renewable energy projects. Public funding geared towards energy justice can take different forms:

- Non-repayable **funding**: non-repayable support granted to citizen- and community-based initiatives, such as Renewable Energy Communities (RECs), which are in the early stages of development. Intended for feasibility studies, legal incorporation, hiring legal and technical support, outreach, mobilisation and capacity building of the local community.

***Community and Renewable Energy Scheme (CARES)* – Scotland**

The CARES programme, created by the Scottish Government, offers advice and financial support (e.g. grants and interest-free or low-interest loans) to communities wishing to implement local renewable energy projects. For more information: https://localenergy.scot/

- **Subsidies for infrastructure and equipment:** direct support for the purchase and installation of photovoltaic panels, small-scale wind turbines, batteries, energy management and monitoring systems. These can be allocated on the basis of socio-economic and energy justice criteria (e.g. participants' income, degree of democratic participation by citizens).
- **Publicly guaranteed credit lines:** low-interest, long-term financing instruments granted by public or private banks with the risk partially covered by the State.
- **Tax benefits and indirect incentives:** VAT exemptions or reductions on the purchase of equipment by CERs and income tax and corporation tax deductions for citizens and SMEs investing in collective renewable energy projects.
- **Differentiated remuneration schemes:** preferential tariffs for renewable energy produced by CERs (*feed-in tariffs or feed-in premiums*).

Subsidy scheme for cooperative energy production – Netherlands

This *feed-in premium* scheme is designed to support new small-scale renewable energy production projects (solar, wind and hydroelectric) developed by homeowners' associations or energy cooperatives. Cooperative members must be residents and businesses located in the postcode area where the project is located.

For a fixed period of 15 years, cooperatives or homeowners' associations receive subsidies for each kWh produced. The amount of the subsidy is adjusted annually and covers the difference between the base price of energy and the market price of energy. If the price of energy increases, energy communities will receive a lower subsidy; if the price of energy falls, they will receive a higher subsidy.

PUBLIC POLICY RECOMMENDATIONS FOR A JUST ENERGY TRANSITION

2. **Reformulate renewable energy auctions** by introducing mandatory clauses or bonuses that favour projects with direct participation by citizens, local communities, cooperatives and RECs. These criteria can include, for example, minimum percentages of local ownership, reinvestment of profits in the community, or hybrid models of public-community governance.

3. **Promote collaborative financing mechanisms for renewable energy projects, such as *crowdlending***, ensuring their accessibility, reliability, and supervision. These mechanisms enable direct financial involvement of the population and promote greater social acceptance of local energy infrastructure.

4. **Adjust remuneration schemes to include differentiated *feed-in premium* schemes**: create stable and predictable support schemes that recognise the added value of local and community-based projects, rewarding their contribution to territorial cohesion, social inclusion, combating energy poverty and energy autonomy.

5. **Empower local actors** by developing programmes to technical, legal and organisational capacity-building programmes for local authorities, local associations and CERs. Training should include topics such as project management, regulation, participation and collaborative governance.

6. **Expand the role of regional energy agencies as facilitators of a just transition**, so that they take on functions of mediation, technical support and coordination between communities, local authorities, the private sector and central government.

7. **Promote multi-level coordination of energy governance**: create formal spaces for coordination between the local, regional and national levels to define integrated energy strategies, ensuring that the interests of communities are represented and that responses are adapted to local realities.

8. **Combine public policy instruments in an integrated and coherent manner**: avoid isolated and fragmented approaches. Instruments to support citizen participation should be designed in a complementary manner, promoting synergies between remuneration schemes, technical support, incentives for social innovation, and participatory territorial planning mechanisms.

Other sources of information and training on energy transition:

Comissão Europeia

The Green Deal and Energy Transition in Portugal European

Covenant of Mayors for Climate & Energy EUROPE

Union Mayors' Climate and Energy Pact

RESCOOP.EU

Resources and tools from the European Federation of Energy Communities

Academia ADENE Agência para a Energia

ADENE Academy Training Portfolio

ERSE ENTIDADE REGULADORA DOS SERVIÇOS ENERGÉTICOS

ERSE educational and informational materials

Portugal Energia

Portugal Energy

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