



## ERDF and Cohesion Fund: Putting Renewable Energy Sources at the Centre

With the upcoming decision on the next Multiannual Financial Framework (MFF), the EU institutions will set a direction which will determine the evolution of EU investments and have a direct impact on our energy system for decades to come. Considering the EU commitment to the Paris Agreement towards carbon neutrality by 2050, **the forthcoming European Regional and Development Fund (ERDF) and Cohesion Fund (CF) must play their parts in putting renewables (RES) at the centre of the EU energy system and must not include the possibility for subsidies to fossil fuels.** Proven RES technologies are available, the potential to expand their share in the European energy supply as well as to contribute to industrial development and job creation is significant, but it remains largely untapped due to (among others) a lack of knowledge on feasible options, a lack of trust and insufficient investments.<sup>1</sup> As mentioned in the recently released 2050 Long Term Strategy, **the EU needs to act now and implement urgent measures to tackle climate issues and offset the cost of inaction.**

- The **proportion of spending under ERDF and CF dedicated to climate actions is not ambitious enough**, and well below what is needed to achieve the Paris objectives. **At least 30% of the overall EU budget should be committed to tackling these issues, which is reflected in a 50% minimum target for the Cohesion Policy.** This must be coupled with a clear methodology on tracking and reporting on climate action needs.
- The **renewable energy industry is a major driver of Europe's reindustrialisation. It creates thousands of local jobs, provides new opportunities for workers and brings economic development to European regions.** As such, it is critical for local authorities to be able to use the structural and cohesion policies as an instrument for promoting a fuel switch in their areas. An ambitious vision is needed **to promote renewables** with benefits both in terms of public health (air quality), decarbonisation and by producing locally a higher share of their energy consumption.
- Furthermore, **meeting the EU climate and energy objectives requires fossil fuel to be phased out from heat consumption, electricity generation and transportation.** Promoting investments in the renewable sector is among the best options to deliver on our decarbonisation targets, while ensuring **industry competitiveness** – thus jobs and growth in Europe – **reducing our dependency on energy imports and enabling the achievement of a just energy transition.**

For all these reasons, **climate, energy and renewable sources must be a priority in the upcoming ERDF.** Europe needs to act fast and push for a carbon neutral Europe in line with the objectives of the 2050 long-term strategy. Fossil fuel subsidies are encountering this priority and cannot be part of this vision. **Amendments to the EU Commission proposal, as is the case for Article 6.1.h of the ERDF regulation,** must not include any more exemptions to the *“investment related to production, processing, distribution, storage or combustion of fossil fuels”*. **Therefore, AM637 and other such proposals should be rejected.** All carbon intensive infrastructure built after 2020 will still contribute to emissions production in 2050, **the EU must therefore not subsidise carbon lock in, nor should it waste tax payers' money on potential stranded assets.** The ERDF and CF framework should enable a fair and renewable transition to achieve a fully decarbonised economy in all EU regions and communities.

<sup>1</sup> IRENA (2018), *Global Energy Transformation: A roadmap to 2050*, International Renewable Energy Agency.