

EPSU Contribution to

'Towards a new Energy Strategy for Europe 2011-2020'

A Social Chapter

Our main point:

Commission strategy lacks urgency to address employment and skills problems in electricity and gas sectors and fails to address the social dimension.

General observations

The European Commission published the document to consult with the broader public on its future policies. That is welcome. EPSU has contributed to previous consultations; from our experience it is not clear that these consultations are useful as views not welcome are ignored. Repeatedly EPSU (as well as ETUC) have argued that Europe's energy policy needs a social dimension. This dimension needs to be integrated in the overall strategy. This has been missing. We urge the Commission to develop this. It would be in line with the Reform Treaty and the horizontal social clause so strongly endorsed by the European Commission President, We hope our contribution assists.

A social chapter is even more important as the Commission is preparing energy policy documents that are to sketch Europe's energy mix if the EU is to achieve emission reductions of up to 80% in 2050. This reduction is needed to ensure that global temperatures do not rise with more than 2 degrees. A larger temperature increase could result in so-called climate chaos. This would make it impossible to adapt in a gradual manner to climate change. **EPSU welcomes the development of such longer-term planning if it includes a social dimension.**

The road to such reductions will undeniably be a balance of energy efficiency, fuel saving and policy measures that result in a fuel mix that is zero or carbon neutral. It is important to recognize that the 80% reductions will have to be realized in the EU itself as other countries implement their policies to reach their targets. **A comprehensive global agreement would be the preferred route.**

To reach these goals implies huge changes in industry, administration, services. There will be shifts in employment between industries and services. Some industries and services will be affected more than others. Workers will be facing restructuring of their industries while also new industries will develop. Households and especially low income ones risk being effected disproportionately by the resulting changes and price rises.

EU Energy Strategy 2011-2020 and EU Road Map 2050 require substantial social chapter.

The basis for such a comprehensive chapter is available. There have been many forward looking studies such as from the European Climate Foundation, Eurelectric, International Energy Agency, Greenpeace, DG Energy (on renewables and employment) Syndex for ETUC, and the DG Employment study on Future of Jobs and Skills to mention a few. The studies indicate the nature and direction of the changes, the challenges and the policy measures that are needed. None of the studies however is comprehensive in addressing the social consequences nor addresses the broader social context.



EPSU wishes to contribute to the development of the EU 2011-2020 strategy and the energy road maps by concentrating on what we expect to see covered in the energy strategy. We expect from the European Commission to include a social chapter in line with the new Lisbon Treaty and its *horizontal social clause* as well as *Protocol (26) on Services of General Interest* which sets out the importance of affordability and access for example.

Employment – The strategy 2011-2022 and the energy road maps should include what the job consequences are of a transition to a new energy system and a new fuel mix. EPSU can not support policies and measures that do not take account of the impact on employment. The Commission should make clear in its work which sectors and jobs are affected in energy services directly, but equally in industry, agriculture and public and private services.

It might well be a win-win situation. To the extent that the studies above address employment, the scenarios demonstrate the impact on direct employment in the electricity and energy sector. The authors usually seek to give a positive spin to the shifts in employment between different sub-sectors as a consequence of reducing CO2 emissions but some groups of workers will be under pressure (workers in coal fired power stations and coal mines for example – also effecting entire regions). We expect that the Energy Roadmap of the Commission is accompanied by a comprehensive employment and labour market analysis.

Just employment transition – As mentioned above there will be a transition. The energy strategy should indicate what the Commission and Member States will be doing to accompany workers in sectors that will see a decline in employment towards sectors that see an increase in employment in the longer-term. What funding will be available to assist in ensuring the transition? The joint challenge is to create jobs that contribute to greater social welfare and better working conditions. See also the joint ILO, UNEP, trade unions and employers publication *Green Jobs – towards decent work in a low carbon world* - http://www.unep.org/labour_environment/PDFs/Greenjobs/UNEP-Green-Jobs-Towards-Sustainable-Summary.pdf

The development of a framework on Just Employment Transition with the social partners concerned would be a step in the right direction and the Commission should consider what initiatives it will take. A mid-to-long-term forward looking approach that involves the social partners to continue to evaluate the impact of the energy road maps on the electricity, gas and other sectors and their employment and working conditions is equally welcome

The European social partners in the electricity sector have developed a toolkit on restructuring (<http://www.epsu.org/a/4761>) to assist employers and workers. What we expect of the European Commission in its work on future energy policy is that it outlines how to stimulate just transition. Companies that do not have agreed and do not uphold just transition employment principles should no longer be supported by the Commission.

Carbon leakage and employment – The European Commission strives towards interconnected electricity networks strengthening links between EU countries. The aim of the EU is also to link with the networks of countries around the EU (Southeast Europe, North Africa, Ukraine, Turkey...) This can bring with it so-called *carbon leakage* also in the electricity sector. EPSU affiliated unions in the Visegrad countries for example, have noticed that companies do not invest in the extension of coal fired power plants seeking cheaper imports from countries outside the EU (Ukraine, Balkan countries...) that are not part of the EU Emission Trading System. Companies and especially traders have limited incentives to behave in a socially responsible manner. The current economic and financial crisis underlines this again and again. We expect proposals from the Commission therefore as to how it will ensure that imports from electricity will not have undesirable consequences undermining the policy objectives the EU has set itself. Taxing imports from countries that do not meet EU standards is one possibility.

Skills and qualifications – The European social partners for the electricity and for the gas sector have expressed concerns regarding longer-term labour market trends. We have observed that it becomes difficult for companies to find a skilled and trained workforce. There is also less investment in research and development. For EPSU these developments are linked with the internal market for electricity and gas in which expenses for training and R&D are considered a competitive disadvantage. Also the Council draws attention to the skill issue: In its conclusions the Council of Ministers (31 May 2010) argues that any future development of “European energy policy should (...), **from its design stage**, consider the regulatory, and the financial aspects as well as the **human and physical investment required for its implementation**.

<http://www.epsu.org/a/6580>

We expect the 2011-2020 and the Energy Roadmaps to address this. Which skills will be outdated and which new skills are needed? How does the Commission see the role of the social partners? What incentives will be given to companies to invest in training? It can well be imagined that the costs for training and research & development can be fully recovered through the tariffs by the regulated companies and that non-regulated companies (producers/generators) are subjected to specific guidance. If this is not addressed “any progress will be severely constrained” as the European Technology Platform for the Electricity Networks of the Future remarked (see also below).

The issue of skill shortages is also picked up in the publication: ***The World Nuclear Industry Status Report 2009 with Particular Emphasis on Economic Issues*** - http://www.bmu.de/files/english/pdf/application/pdf/welt_statusbericht_atomindustrie_0908_en_bf.pdf. The publication underlines how a lack of skilled staff can be a constraint on the development of an industry, especially one with a long investment horizon – see pages 30-39. The same will hold true of developing smart grids for example. **We expect DG Energy to support and stimulate the development of sector skill councils working together with the social partners.**

Recently Steve Davies of the UK National Skills Academy for the Power sector argued that the UK will need 38.000 new engineers and other staff by 2015. The whole UK workforce for the sector needs to be replaced by 2025 and there is a need for thousands of skilled workers to deliver the decarbonised energy we aim for. The Commission paper lacks any sense of urgency that this is a priority. (Power in Europe, Bridging the skills gap, 577, 31 May 2010 p.8-9) Similarly the roll-out of smart meters requires thousands of skilled workers which are not available (Same issue of Power in Europe, p.6-7).

A further indication of the extent of the problem is provided by the electricity companies themselves. Many companies produce a so-called CSR report. (See below) Several of these companies report according to the global reporting initiative standards and the additional Electric utility benchmark. Its benchmark ***EUSS 15: % of workers eligible to retire in the next 5-10 years*** provides additional information. For example EDF reports that in the next 5 years 40% of staff especially in nuclear will retire (EPSU research of company CSR reports)

And the European Commission itself has studied the problems of skills and competencies in “Investing in the future of jobs and skills: Electricity, gas, water and waste - Sector report” <http://www.eurofound.europa.eu/publications/htmlfiles/ef0956.htm>

The Commission lacks a sense of urgency to address the skill problems in the energy sector. Lack of staff will result in bottlenecks and constraints to develop the Energy system of the future.

Smart grids - Recently we focus on new technological developments. One of these is *smart grids*. The Commission is active in promoting this development. EPSU has reacted to the consultation of the Regulators (ACER) on smart grids. We welcome this development and want to ensure it is done in a proper manner. Skill and qualification issues are important.

The Commission paper on the Task Force and the possible legal proposal on smart grids mentions that "Job opportunities will be broadened as the networks require workers with new skills and integration across new technology areas."

http://ec.europa.eu/governance/impact/planned_ia/docs/56_ener_smartgrids_legal_proposal_en.pdf

The European Technology Platform for the Electricity Networks of the Future however notes in its recommendation number 10 "*Across Europe there is a shortage of experienced engineers, technicians and craft personnel to match the huge increase in capital spending and complexity of a SmartGrids society. This is compounded by the fact that the retirement rate of experienced engineers exceeds the recruitment rate of new experts into the electricity sector in general.*" It calls on all stakeholders to engage in making the sector attractive for workers. It recommends (nr.10, p.52) "*Develop the "skills" base in the electricity networks sector – without resolving this problem of resources, any progress will be severely constrained*" http://www.smartgrids.eu/documents/sra/sra_finalversion.pdf

As smartgrid development will be an important part of realizing the energy policies of the EU, we expect the Commission to address the employment consequences and the measures that will be taken to have a skilled work force.

Health and Safety – Another social dimension that we expect the Energy Road Maps to cover is health and safety of workers. Most of the scenarios point in the direction of an increase in different renewables. Some of these can come with new health and safety risks (damaged blades of windmills, toxic materials from solar power panels...). Other risks might be new and not explored (CO2 storage...) and yet the risks of other technologies should continue to be addressed to minimize these (radiation in nuclear power plants and storage facilities, waste-to-energy...). What health and safety planning will accompany the scenarios?

EPSU is concerned about accidents related to sub-contractors. With an increasing fragmentation of functions in the sectors opened up for competition (electricity, gas) with the separation of generation, distribution, transmission, retail etc.) responsibilities and roles are less clear. This should remain a focus of attention and a strong signal of the Commission is needed that the contracting companies on whose behalf work and services are carried out remain responsible for health and safety.

Protection for low income users – While the issue of vulnerable users has been raised in the first market opening directives (electricity and gas), only in the 3rd package was this picked up (fuel poverty). In the context of smart meters and smart grids protection of low income users deserves further attention. A good example is the attention the Brussels based social action group **Collectif Solidarite contre l'exclusion** for low income households draws to the problems of smart meters - <http://www.asbl-csce.be/journal/JourColl67.pdf> p.64-79 The Commission's work on future energy policy is to indicate what the implications of policy choices are for the price of electricity, gas, heat and oil, what this implies for low-income households and which measures are taken to protect such users.

Corporate social responsibility – The European Commission supports many energy projects with public funds, amongst others as part of the EU recovery plan. And it points out that public finance might need to increase. These projects should only be awarded to companies that respect CSR principles as laid down in international standards and who report on their efforts in accordance with global reporting standards. CSR standards are supported by the European social partners for the electricity sector. <http://www.epsu.org/a/5344> EPSU has published a report on CSR and the electricity sector commissioned from Dutch research institute SOMO. It highlights that many electricity companies do follow this but that transparency can only be guaranteed when reporting is made in accordance with global guidelines (GRI guidelines). <http://www.epsu.org/a/6581> We expect the European Commission (DG Energy) to indicate how it will promote CSR in the

energy sector. This should also include how the European banks (EBRD, EIB...) take account of the social criteria.

Respect for human rights in EU energy dialogues – The European Commission has established a series of energy dialogues with countries that supply fuels (gas, oil, coal...) to the EU. While we encourage such a pro-active approach the Energy Roadmaps 2050 should indicate how the Commission seeks to ensure there is respect for human rights and EU public finance does not end up supporting dictatorships (Uzbekistan, Turkmenistan) and repression and violation of trade unionist, environmental campaigners and citizens. It is not clear for example how the EU promotes human rights in its energy dialogue with Turkmenistan.

Peak oil – The Commissioner will be aware of the heated debates around peak-oil. Reserves and production capacity are limited and will force up prices. This could throw economies in a recession. Predicting the moment of peak oil is a speculators game but several predictions do foresee that the moment of peak oil will be in the period up to 2050. The work on the future of Europe's energy policy should take this scenario into account. We request the Commission to indicate what the implications will be for the European economy and several sectors if a situation of peak oil will be reached in the years 2040-2045, and what steps can be taken to deal with this.

Summary

Developing long-term planning and a longer term perspective for the development of European energy policy is very welcome. It will assist decision-makers in understanding the choices that can be made and the decisions that are needed. A clear long term vision will provide regulatory stability which will assist investors and companies. It will also provide guidance to the social partners.

If such a long-term vision is not accompanied by a clear social policy it will not be realistic and not build the support that will be needed to achieve the longer-term goals. The EU energy policy needs to be comprehensive to be credible.

EPSU is the **European Federation of Public Service Trade Unions** representing more than 8 million workers in over 250 trade unions in all European countries including Energy Community, Russia, Ukraine and Central-Asian states. EPSU represents workers in national administration, in local and regional government, in health and social services and in energy, water and waste.

In the energy sector EPSU members organize workers in public and private companies, in small local and municipal companies as well as large state owned and multinational companies. Our members work with all fuels (hydro, nuclear, wind, oil, gas, coal etc.) are active in transmission, distribution, retail and other related services.

www.epsu.org/r/34 and <http://twitter.com/energyunions>

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