

VISEGRAD / INSIGHT

Just Transition Fund | Poland | Visegrad Group

Problem

A window of opportunity to receive subsidies for transitioning from coal to a green economy is closing for several regions in Poland and V4. A decarbonisation strategy is needed to ensure the prosperity of disadvantaged communities.

Key facts

Hungary and Poland have officially suggested changes in the mining calendars that affect their JTF allocations.

The war in Ukraine did not prompt a pan-European coal revival in 2022.

The transition proceeded better in the regions of Czechia, Hungary and Slovakia, where the central governments declared coal phase-out plans.

Foresight

Countries going ahead with decarbonisation strategy utilise the full potential of JT funds.

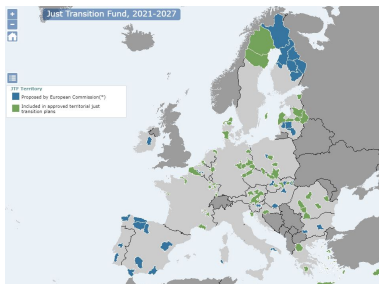
Decarbonisation will go ahead regardless, inducing migration away from regions which did not transform.

The next JTF round will see stronger regional competition as the push for heavy industry to decarbonise will increase.

How will coal backtracking affect Just Transition in Poland and the V4?

EXECUTIVE SUMMARY

- Regarding energy transition and decarbonisation of Visegrad Group economies, Poland has the longest road ahead, Czechia and Hungary are exposed to coal backtracking risks, and Slovakia is on track to achieve the coal phase-out as planned. Just Transition progress is, of course, connected with the economy's carbon intensity; however, some coal-intensive regions have even prepared ambitious Territorial Just Transition Plans (TJTP) to decarbonise by 2030 and reach carbon neutrality by 2040 (e.g. Eastern Wielkopolska PL).
- To reduce the impact of decarbonisation and climate policies, as well as to make the best use of the Just Transition Fund, the Polish government should set a coal phase-out date for better planning of the transition, similar to what has been scheduled by the other V4 countries: Slovakia will phase out coal in 2023, Hungary declared coal-exit by 2025 and Czechia by 2033.
- The transition goes better in the regions where more actors from various sectors are involved, including businesses, unions, administration, NGOs and local community representatives. Therefore, the regional administration responsible for preparing the TJTP should facilitate the process.
- The potential incentives are not only economic in the form of green technologies development, land value increase and capital retention but political. Public opinion in the V4 countries increasingly demands action on air pollution from solid fuel burning. This creates room for a bolder political approach to the coal phase-out.



Map of proposed and approved JTF territories

Source: [EU Commission](#)

About

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Project

Visegrad Insight is the main Central European analysis and media platform. It generates future policy directions for Europe and transatlantic partners. Established in 2012 by the Res Publica Foundation.

This foresight project is carried out together with the European Climate Foundation to address the changes in areas of energy security, environmental policy and social policy, which are the crucial pillars of climate and democratic security in the Visegrad Group countries.

INTRODUCTION

To aid in the green transition, the EU created the Just Transition Fund (JTF) – a tool to lead Europe out of carbon dependency and reach carbon neutrality by 2050. The JTF is specifically aimed to support the change in the bloc's most coal-dependent¹ sectors and regions, while the overall goal of the fund was to help EU countries address the social and economic impact of the transition to climate neutrality.²

The energy crisis caused by the post-pandemic recovery and later deepened by the Russian aggression on Ukraine further exposed the dependency of Europe on fossil fuels, mainly imported from Russia and other non-democratic regimes. That led some governments to reconsider coal backtracking.

The coal backtracking plans are a huge risk to Just Transition, which may result in the freezing of the allocated funds, as opening or reopening a coal mine could disqualify the region from funding. Other threats, like changes in the planned closure calendars or prolongation of the mining operations, create obstacles to regions' development and future crisis resilience building.

Risks to just transition in the V4

The Visegrad Group countries are currently some of the largest beneficiaries of the EU Just Transition Fund (notably Poland being the biggest in the European Union with €3.85 bln, Czechia with €1.64 bln, but also Slovakia with €459 mln and Hungary with €250 mln). They must secure the implementation of their Territorial Just Transition Plans to maintain eligibility for financing and stay on track with the energy transition.

Poland submitted seven TJTPs to the European Commission, out of which four were accepted (Eastern Greater Poland, Łódzkie, Silesia and Wałbrzyskie) and one (Western Małopolska) was merged with the Silesian one.

The Commission discarded the TJTPs for the Zgorzelec

¹ JTF addresses the transition from coal (the focus in V4 countries), oil shale (Estonia), peat (Northern Europe), carbon-intensive industries (i.e. steel, cement, chemical industries, e.g. 4 of the 6 regions in Romania, 2 of the 3 in Slovakia, many more in Western Europe).

²

<https://www.europarl.europa.eu/news/en/press-room/20210517IPR04110/a-EU17-5-bn-fund-to-ensure-no-one-is-left-behind-on-the-road-to-a-greener-economy>

subregion and Lubelskie region due to the need for more realistic coal phase-out and mining closure dates.

Hungary's three TJTPs for Heves, Borsod-Abaúj-Zemplén and Baranya counties face significant hurdles in obtaining the eligible funds due to the government's decision to prolong the operation of the Mátra lignite power plant until 2029.

Moreover, Heves and Borsod-Abaúj-Zemplén counties (subregions) are expanding lignite mining to supply the Mátra facility, which puts into question the earlier announced 2025 coal phase-out date.³ So far, the EC has not reacted to these changes since it has not been notified officially.

Czechia has submitted one joint TJTP covering three mining regions: Ustecký, Karlovarský and Moravskoslezský. This plan is in jeopardy because of the prolongment of mining operations in the Bílina open-pit lignite mine, operated by ČEZ subsidiary Severočeské doly a.s., until 2035,^{4 5} therefore beyond the 2033 Czech coal-exit date announced by the government.⁶ Also, the state-owned company Diamo recently analysed the possible reopening of the hard coal mines, ČSA and Darkov, in Silesia; however, it was found to be unprofitable.⁷

Slovakia prepared one joint TJTP for three transition regions: Horná Nitra, Košice and Banská Bystrica. So far, it is the only V4 country on track with the coal exit planned in the power sector by the end of 2023; however, Slovakia is struggling with administration capacity concerning transition plans.

The Polish government announced that Poland would mine coal until 2049, well beyond EU climate policy targets and any realistic climate crisis mitigation measures. The Polish government also said that no single mine should be closed before starting the Polish nuclear power plant^{8 9} (i.e., no earlier than by 2033¹⁰). Still, regarding the delays in nuclear

³ <https://www.euractiv.com/section/energy/opinion/hungary-risks-billions-in-eu-funds-if-it-goes-ahead-with-investments-in-coal/>

⁴ <https://www.greenpeace.org/czech/tiskova-zprava/17888/severoceske-doly-usiluji-o-rozsireni-dolu-bilina-za-limity-tezby-tezit-chteji-do-roku-2035-greenpeace-to-odmita/>

⁵ <https://ekolist.cz/cz/zpravodajstvi/zpravy/severoceske-doly-mohou-tezit-v-biline-do-roku-2035-greenpeace-se-odvola>

⁶ <https://www.vlada.cz/assets/jednani-vlady/programove-prohlaseni/programove-prohlaseni-vlady-Petra-Fialy.pdf>

⁷ <https://www.novinky.cz/clanek/ekonomika-obnoveni-tezby-v-dolech-csa-a-darkov-bylo-by-to-mozne-ale-drahe-40414031>

⁸ <https://www.money.pl/gospodarka/rzad-odwleka-proces-zamykania-kopalni-jasna-deklaracja-sasina-6831326714325664a.html>

⁹ However mines are being closed, e.g. the Makoszowy plant or the mines in Eastern Wielkopolska;

https://zabrze.com.pl/i_1-stycznia-2023-kopalnia-makoszowy-przestala-istniec-to-koniec-jej-116-letniej-historii.200274.948951.html

¹⁰ <https://www.gov.pl/attachment/f1cc5860-2f9c-47bf-9bed-260b03df4f94>

facilities construction in Hungary,¹¹ Finland¹² and the UK,¹³ it might be several years later.

Unlike the rest of the country, the coal phase-out planned in the TJTP for the Eastern Greater Poland subregion (Wielkopolska Wschodnia) is scheduled for 2030¹⁴ ¹⁵ with further carbon neutrality by 2040.¹⁶ This domestic exception resulted from the successful cooperation of many actors, including regional and local administration, private businesses, trade unions, civil society and local representation.

The regional private energy producer ZE PAK S.A. is one of the main drivers of change. Its transition towards a green economy model is seen as a chance to keep money and the workforce in the region. Notably, here the former miners are expected to be retrained as renewables servicemen and energy grid specialists.¹⁷

To mitigate any economic downturn, the Wałbrzyski subregion is planning education investments to stop both the people and the capital from exiting the area (according to the associated TJTP, the affected area in the last 20 years has lost over 57,000 people due to depopulation).¹⁸

In contrast, there is the case of the Zgorzelec subregion, where the Polish state-owned energy company PGE is operating the Turów coal power plant and nearby lignite open-pit mine. The relevant TJTP was dismissed by the EC due to its inability to provide a viable coal phase-out calendar (projected by 2044, despite the rising costs of fossil fuel-generated energy).

Experts interviewed for this paper agree there will be a second round of Just Transition Fund in the next EU Multiannual Financial Framework (2028-2034); therefore, the regional administration of Lower Silesia can prepare

¹¹ <https://www.intellinews.com/hungarian-government-acknowledges-delay-at-paks-nuclear-power-plant-171884/>

¹² <https://www.dw.com/en/finlands-much-delayed-nuclear-plant-launches/a-61108015>

¹³ <https://www.newcivilengineer.com/latest/hinkley-schedule-remains-unchanged-despite-fears-of-11-year-delay-01-12-2022/>

¹⁴ Regional private energy operator ZE PAK SA. declared it would close all its coal fired power plants by 2025, but not excluded prolongation if there would be capacity market mechanism after 2025;

<https://zielona.interia.pl/eko-technologie/energetyka/news-ze-pak-przyspiesza-o-6-lat-zamkniecie-ostatniego-bloku-na-we.nld.5960085>.

¹⁵ Wałbrzyski subregion TJTP is also aiming to phase-out coal by 2030, however it hasn't had any operating mines since 2000; all the Lower Silesia coal basin mines were subject to the bankruptcy proceeding since 1990.

¹⁶ <https://beyond-coal.eu/2022/11/28/calling-time-on-coal-eastern-greater-poland/>

¹⁷ <https://www.gramwzielone.pl/energia-sloneczna/103537/ze-pak-bedzie-szkolic-instalatorow-fotowoltaiki>

¹⁸ https://umwd.dolnyslask.pl/fileadmin/user_upload/Gospodarka/FST/TPST-Walbrzych-5.0_KE.pdf

a new TJTP for Zgorzelec, as well as Lubelskie for the Lublin coal basin, but they will have to be even more ambitious regarding carbon neutrality and set precise coal-exit calendars. Experts add it will also be an opportunity to include steel, chemical and concrete industries, so new regions will probably apply as well. It also means regions that missed the opportunity will have stronger competition for the funds in a few years.

However, experts note there are not enough projects related to diversity, inclusion and education of vulnerable minorities, mostly Roma, which may result in further brain drain and marginalisation and harm democracy in the coal regions.

Key findings

The Just Transition Fund was created before the energy crisis; therefore, it has not considered possible changes resulting from rising prices of fossil fuels and possible coal backtracking in Europe. So far, only Hungary and Poland have officially suggested changes in the mining calendars that might affect their JTF allocations, while the Czech Mining Office has issued a licence allowing mining beyond the official coal phase-out date. The EC should not accept these changes as they would derail the concept of Just Transition, which is to decarbonise and help people adapt to new opportunities, not to save the declining fossil fuel industry.

EMBER data show that the war in Ukraine did not prompt a pan-European coal revival in 2022, and renewables have taken over fossil fuels in Europe in electricity generation. The trend is expected to intensify, and any investment in fossil fuel technology (including coal backtracking) does not seem to make economic sense. In its June 2022 report, the International Renewable Energy Agency (IRENA) proved renewable power remained cost-competitive even in times of fossil fuel crisis.

Given the goals of the Just Transition Fund, the development of renewables is in the best interest of the countries and the consumers.

The regions involved in the JTF should be aware that coal (as well as other fossil fuels) is the source of the problem, not the solution, to the energy crisis. Therefore, any coal backtracking – while tempting in the short run due to

the immediate availability of the resources – will result in further environmental, climate and job market damage in the long run. It will also work against the EU's set climate policy goals, agreed coal-exit calendars and the Territorial Just Transition Plans, with the possible consequence of losing Just Transition funds.

Therefore, the local, regional and state administrations should keep to the coal-exit calendars agreed upon with the European Commission and further generate possibilities for renewable development to make the most of the opportunities offered by the Just Transition Fund. Without coal backtracking and with the engagement of the regional and local administration, private businesses, trade unions, civil society and local representation, the transition will be smooth and fast, as in the case of Eastern Greater Poland.

The transition seems to proceed better in the regions where the central governments declared the coal phase-out plans, ie. Czechia, Hungary and Slovakia; even with the risks of coal backtracking, most of the regions and companies involved have no plans of extracting coal beyond the agreed date (Ústecký region in the case of the Bílina mine and Heves and Borsod-Abaúj-Zemplén counties are the exceptions here).

The benefits are green technologies development, new investments, small and medium enterprise development, land value increase, stopping the outflow of the population as well as retention of capital. Politically, public opinion in the V4 countries increasingly demands action on the negative impact of air pollution from solid fuels burning regarding health as much as climate change. This creates an opportunity to shed some long-standing ideological obstacles to a bolder approach to coal phase-out.

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