

## 2021 TJTP Territorial Just Transition Plan

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# **Territorial just transition plan - TJTP\_ISL.TJTP North & South Aegean Islands and Crete (2.0)**

1. Outline of the transition process and the identification of most negatively affected territories within the Member State

Reference: point (a)(b) of Article 11(2), Article 6

## **1.1. Transition process and timetable**

### **Commitments in force**

Greece ratified the Kyoto Protocol in 2002 & the Paris Agreement in 2016. The NECP, the main tool for national policy-making over the next 10 years, was ratified in 12/2019 by decision of Government Council [(Government Gazette, Series II, No 4893)] & reflects the increased climate ambition & the national target set at the UN Climate Conference of 9/2019: complete de-lignitisation of Greece by 2028 with a drastic reduction and complete removal of lignite from the electricity mix, on the basis of an organised plan for the withdrawal of lignite-fired power plants, decarbonising the islands by 2029. This objective was identified as “good practice” in the EU Staff Working Document on “Assessment of Greece’s final national energy & climate plan<sup>[1]</sup>”.

In parallel, Greece has developed the 2050 long-term strategy<sup>[2]</sup>, with decarbonisation scenarios. In the 2 scenarios compatible with keeping global temperature increase below 1.5 °C, the country achieves a 95 % reduction in its net emissions compared to 1990.

### **New developments**

Since the ratification of the NECP, energy & climate change developments have been rapid, with the following main developments: a) the “Fit for 55” package introducing a more ambitious climate target than the 40 % target in force when the NECP was drafted & b) the REPowerEU Joint European Action.

Greece remains committed to its targets & is consistently implementing a targeted network of relevant actions: penetration of RES, licensing/regulatory framework for energy storage & H2, energy upgrading, incentives for electrification, district heating, the installation of HPS, etc. The TJTPs are aligned with this grid as they foresee interventions promoting zero pollutant emissions from energy production and assist the other areas of interest of the NECP.

Greece monitors current developments in the energy sector & will make appropriate adjustments to its national planning if necessary.

### **Withdrawal of lignite plants/lignite mines**

Many lignite-fired plants have already been withdrawn. In 2011, the production of PPC’s plants was 27.4 TWh & in 2019 10.417 TWh, reduced by 62 %. In 2020, lignite-fired energy production was 5.7 TWh compared to 8.1 TWh foreseen in the NECP for the same year, reduced by 30 %.

The transition process towards the EU’s 2030 targets in the TJTPs of WM & Megalopolis follows the

timetable for the cessation of lignite mining & electricity generation which is: all lignite plants will be withdrawn by 2023, with the exception of one (Ptolemaida V) which will be withdrawn by 2028 (Annex.-tab.1.1).

## Transition to islands

In the North Aegean, South Aegean and Crete, the transition by 2029, based on national policy, is implemented two-fold: (a) by gradually increasing the penetration of RES into consumption, based on the approved plan of interconnections with the mainland electrical system and/or with the installation of HPS, and (b) by phasing out the 32 autonomous thermal electrical systems, each supplying one or more non-interconnected islands (NII). The ultimate objective is to cover the islands' energy needs from clean energy and the 'export' of excess clean energy to the mainland (Annex 1.2/Table.1-4).

Starting in 2020, the existing **installed capacity (RES)** per cluster of islands is:

- 296 MW — Crete,
- 54 MW — Cyclades,
- 105 MW — Dodecanese,
- 64 MW — North Aegean,

while the total share of RES in consumption is 24 %, 30 %, 16 % & 18 % respectively.

At the end of the PP 2021-2027, **additional capacity (RES) is planned to be installed:**

- 398 MW — Crete,
- 66 MW — Cyclades,
- 163 MW — Dodecanese,
- 118 MW — North Aegean,

which, on the basis of data from the NECP and assumptions under the TJTP, could lead to the achievement of an overall share of RES in consumption or, taking into account the mix of interconnections, 76 %, 72 %, 71 % and 75 % respectively (Annex 1.2/methodology).

In the interim (2025-2026) the objective is to **install additional capacity:** 155-182 MW in Crete, 50-6.5 MW in Dodecanese, 42-50 MW in the North Aegean, 14 MW in Cyclades.

The area available per cluster of islands for the development of the above RES capacity will be determined upon approval of the special RES Spatial Planning Framework under preparation.

The installation of RES power in the insular areas depends on the available margins (electrical space) of the network. The electrical interconnections of the NIIs increase the 'electrical space' & the energy produced by thermal plants is replaced by clean forms. At the end of the interconnections, some thermal plants will be placed in cold reserve to ensure security of supply.

The uptake of new technological solutions & business models can remove the "electrical space" barrier regardless of interconnections. The plan for the installation of HPS<sup>[3]</sup> on the islands without a clear interconnection plan can lead to more than 50 % penetration of RES in consumption, depending on the local conditions per island. If necessary, a specific study will be carried out to determine the appropriate % of RES penetration per category of islands.

On the **basis of the interconnection** plan, 3 EC NII networks have already been connected to the mainland network [4] and the timetable for completion of the remaining interconnections, based on the

recent TYDP of HEDNO (2023-2032) and NDP of HEDNO (2021-2025), is as follows:

- 2023: Crete (phase 2 — ongoing)
- 2024: Cyclades (phase 4 — ongoing)
- 2028: Dodecanese
- 2028: North Aegean

All the reference islands of the TJTP (individually or as part of an autonomous NDP) will be interconnected with the continental system by 2028, except from 8 NIIs covering 9 islands (Gavdos/Crete, Agios Efstratios/N. Aegean, Symi, Patmos, Megisti, Astypalaia, Arki, Marathi, Agathonisi/S. Aegean)<sup>[5]</sup>.

For these — and those which have an interconnection forecast after 2025 — the transition starts as a matter of priority with the development of EPG HPS combined with wind-solar energy with storage systems. The RAE (Regularity Authority for Energy) estimates that the 50-60 % RES penetration target is achievable on all islands where HPS will be installed. In particular in Agios Efstratios & Astypalaia, a pilot penetration of 80-90 % will be implemented to explore the feasibility of similar projects and on other islands at a later stage.

### **Transition steps & actions**

Greece follows the individual steps/pillars & supporting actions proposed in the World Bank roadmap for the WM[6], for the entire JDT process adapted to the specificities & other regions. 2 steps (design/implementation) are recognised & 3 pillars for JDT:

- 1.Rehabilitation & re-use of degraded areas/facilities
- 2.Social Cohesion & Economic Transformation (Transition to the New Product Model)
- 3.Governance

**Pillar 1:** The planning started with Law 4759/20 on the JDT Plan, including the approval of two programme contracts (paragraphs 2 and 3 of Article 155) for the spatial planning (SUP) and the transfer of the land from PPC to the State, respectively, and will be completed with the approval of the new land uses in 2023. Implementation starts with the restoration of lignite-fired land and finishes with the first organised receptors in 2025.

**Pillar 2:** The planning started in 2020 with the preparation of the JDT Plan [7] & will be completed with the approval of the TJTPs & the JDT Programme in 2022. Implementation will start with the activation of the JDT Programme actions (2022) and will be completed at the end of the PP. It also includes the activation of the actions of the 2nd and 3rd Pillars of JTM.

**Pillar 3:** The planning started with the creation of the Governmental & the JDT Plan Steering Committee as in force[8], the establishment of a Technical Secretariat (Law 4685/20) and ends with the establishment/composition/operation (a) of the JDT Special Authority under Law 4872/21 & (b) of the 'Metavasi S.A.' a Special Purpose Vehicle to support beneficiaries and investment projects.

In table 1.2 (annex) shows the timeline of the most important actions per stage & pillar.

Milestones of the transition process:

- **07.2020:** Open call<sup>[9]</sup> for non-binding investment proposals and development projects by entities outside the public sector, in cooperation with Enterprise Greece.

- **2020-2021:** Launching actions to pilot holistic interventions in Agios Efstratios & Astypalaia, with a focus on clean energy, saving & electro-mobility.
- **04.2021:** Adoption by the EU of revised regional aid guidelines<sup>[10]</sup>.
- **06.2021:** Open call<sup>[11]</sup> to public bodies for interventions to strengthen social cohesion, reorient employment, diversify the local economy, attract direct investment & prepare for hosting new activities & larger scale investments in the Regional Units of Kozani, Florina & Municipality of Megalopolis.
- **09.2021:** MEO design and launch of employment support programmes.

## **1.2. Identification of affected territories**

### **Social impact**

Employment in the ES NII (regular staff, contract agents and contractors) amounts to 1 220 FTEs (485 in Crete, 369 in the Dodecanese, 236 in the North Aegean Sea and 130 in the southwestern Cyclades). Their closure results in direct job losses of the units, as well as indirect and consequent impacts on local output and employment (Annex 1.3/tab.5).

### **Wider economic impact**

All islands face a number of challenges stemming from the EU's climate objectives, increasing the urgency of the energy transition and the need to promote it.

Directive (EU) 2015/2193 makes it practically impossible for the ES of the smaller islands to operate >500 hours per year, from 2025 for new ones and from 2030 for existing plants. In order to avoid a complete black-out, the transition to clean energy sources by 2030 is a one-way path, especially for those who will be delayed or not interconnected. RES investments in them are costly and unprofitable due to their small scale.

The Fit for 55 package includes the extension of the ETS to shipping and the phasing out of free allowances for aviation. These two sectors have a direct impact on the islands, being non-accessible by land. The measures may lead to a reduction in the use of regional airports, a reduction in coastal shipping connections and/or a significant financial burden on fares with corresponding consequences for island economies.

The energy transition is a prerequisite and an incentive for a wider transformation of economic activities linked to achieving climate neutrality. In this context, and taking into account the timetable for RES penetration, it is important in the first phase to rationalise energy demand as a catalyst for the transition<sup>[12]</sup>.

## **1.3. Identification of islands with specific challenges**

Islands are disproportionately and dissimilarly affected by the transition due to the inherent challenges of insularity e.g. distance/geographic isolation from the mainland, lack of economy of scale and specialised human resources, low diversification of the economy.

The Northern Aegean has high unemployment, up to 30 % lower GVA than the national average, while its population recorded the largest decline among islands in 2011-2016.

In particular, low-population islands characterised by stagnation, weak economies, low quality public infrastructure/services, geographical isolation are particularly disadvantaged. These islands fall within the

scope of the national Greco Islands initiative, of a cross-sectoral nature, planned in cooperation with the EU. The Initiative is mainly funded by the EECC Sectoral Programme in complementarity with JDT Programme and the relevant ROPs, aims to transform and modernise the production model, starting with the energy transition and the changes it brings to local economies.

In order to be fair, the transition process of islands to climate neutrality needs to strengthen island economies and societies to reverse any of its negative impacts through the production of clean electricity and the development of business ecosystems around it. At the same time, it must contribute to the transformation of tourism and the blue economy, i.e. the main pillars of growth and the largest energy consumers of islands, towards a more sustainable and innovative model based on local needs and conditions.

The transformation of the local economies of the islands, which coexist and are also directly affected by the natural challenges of insularity, requires substantial investment costs. These costs cannot be borne entirely by the islands, and without investment their transition will be deficient, with consequent environmental and social implications.

Based on the above, it is envisaged to allocate ~13 % of the total funding of the JDT Programme to support investments identified by the TJTPs, mainly related to clean energy, sustainable tourism and sustainable blue economy as drivers for economic transformation.

## 2. Assessment of transition challenges, for each of the identified territories

Reference: point (c) of Article 11(2)

Territory: Νησιά Βορείου, Νοτίου Αιγαίου και Κρήτη

### 2.1. Assessment of the economic, social and territorial impact of the transition to a climate-neutral economy of the Union by 2050

Reference: point (c) of Article 11(2)

The impact of the transition concerns different sizes for each Region, as it affects each region differently, depending on how it is implemented (interconnections, penetration of RES, development of hybrid plants). Its quantification is done at NUTS3 geographical level, with the exception of the 4 RUs of Crete, which are treated uniformly at island level:

#### **Loss of jobs and reduction of economic activity**

Following the completion of the interconnection in Crete, the Linoperata and Chania TPS will be withdrawn, in accordance with the current plan, while the Atherinolakkos TPS will be placed in emergency reserve. In this light, it is estimated that 50 % of all employees in power stations in the region — regular and temporary staff (243 full-time workers) will be out of work. At the same time, the economy will lose EUR ~2 million of PPC's annual costs to local suppliers.

The loss of total annual income of ~7.3 MEUR, as well as ~2 MEUR of expenditure in the region, will lead to a further reduction in employment by 118 jobs and a drop in the value added of the local economy by EUR 5.6 million per year, due to the decrease in consumption expenditure and the activities of the station supply chain.

The estimate that the withdrawal of EPG autonomous stations will affect 50 % of their employees is also applied in the other transition regions.

For the Dodecanese, the direct loss of jobs amounts to 185 FTEs or ~5.3 million EUR annual income. The

indirect and induced employment and value added effects of the local economy are estimated at 83 FTE and EUR 4.0 million per year.

For the Cyclades, the direct loss of jobs amounts to 65 FTEs or ~1,8 million EUR annual income. The indirect and induced employment and value added effects of the local economy are estimated at 25 FTE and EUR 1.2 million per year.

For the Lesvos-Limnos region, direct job losses amount to 50 FTEs or ~EUR 1.2 million annual income. The indirect and induced employment and value added effects of the local economy are estimated at 19 FTE and EUR 0.9 million per year.

For the Ikaria-Samos region, the direct loss of jobs amounts to 37 FTE or ~1.0 million per year income. The indirect and induced employment and value added effects of the local economy are estimated at 14 FTE and EUR 0.6 million per year.

For Chios, direct job losses amount to 29 FTEs or ~0.7 million EUR annual income. The indirect and induced employment and value added effects of the local economy are estimated at 12 FTEs and EUR 0.6 million per year.

### **Costs of a limited shift to clean energy and non-diversification of the wider economy**

The gradual penetration of RES on the islands (based on the interconnection schedule) has a significant impact on the diversification of local economies in terms of both the shift/adaptation of existing activities towards greener and more sustainable forms and the development of new green and sustainable activities.

Based on the objectives of the JTM and the TFEU to remove disparities between regions, with a particular focus on island and other disadvantaged areas, the green transition should contribute to the wider economic transformation of islands' production model. In this context, the sectors typically developed on islands are energy, tourism and the blue economy. In fact, the link between the development of the blue economy and the green transition through the transformation of maritime transport and ports is particularly highlighted in the 2021 European Blue Economy Report.

In the three sectors, 732, 26 161 and 1 423 enterprises respectively employing 1.301, 136 691 and 3.915 workers respectively, and any late, limited or incomplete use of their transformation potential due to the planned timing of interconnections, the penetration of RES and/or the installation of EPG HPS will negatively affect their economic activity (turnover). In this light, activating just transition investments along with the progress of transition processes (i.e. before completion of interconnections) will not only ensure existing activities and their early transformation, but will also lead to a substantial expansion of these activities.

Costs in the energy sector are highest in Crete and the Cyclades where the interconnection and development of RES is approaching and the development of RES is expected to escalate soon. As regards tourism and the blue economy, the most affected areas are considered to be areas with a significant existing activity, namely Dodecanese, where revenues from tourism and blue economy reached respectively EUR 1 230 million and EUR 46 million in 2017 and Crete, with revenues of EUR 1,264 million and EUR 217 million respectively.

More specifically, in the **green energy** sector, investment in RES, both during the construction phase and during its operation, can provide a significant boost to local economies and be a driver of growth and economic diversification for island regions.

Direct impacts are linked to the economic footprint and jobs from the construction and operation of the projects, while indirect and induced impacts are linked to the project supply chain and the consumption costs of its employees.



The Region of Crete and the Cyclades which have been recognised as the most affected in this respect are being examined. It should be noted that Crete is considered as a whole, although it consists of four NUTS 3 areas, as it is a single NII network.

In Crete, the estimated capacity of the projects that could be constructed is 398 MW. The total value added of the projects (direct, indirect and induced) can amount to up to EUR 62.5 million, while the employment created is estimated at up to 1 403 jobs. At the same time, the financial impact related to the operation of the projects (in addition to direct revenues which may amount to EUR 29.5 million if they are maintained locally as a whole) is estimated at EUR 3.8 million and 89 jobs. In the area of the Cyclades as a whole (i.e. the N. Cyclades & South-West Cyclades), respectively, the impact of the planned installation of RES is estimated at EUR 9.4 million and 209 jobs when the projects are constructed and EUR 0.6 million and 14 i.e. annually, in addition to the direct revenue of EUR 4.9 million, during their operation (annex table 15).

The costs for local communities increase in addition if account is taken of the inability to develop a wider chain of new innovative business activities around green energy.

The costs of developing **sustainable tourism and the blue economy** are linked to the inability to attract new and modern activities targeting environmentally sensitized tourists, emphasising the quality of the product supplied in return for its price. The loss of related costs takes place at the expense of the development and diversification of the local tourism product (direct effects), while limiting the development of a range of activities linked to the supply chain and the consumption of its workers (indirect and induced effects). A significant part of these are in the blue economy sectors (maritime transport, coastal tourism).

The above costs are quantified in terms of output, value added and dependent employment. The amount depends on the size of the world market for sustainable tourism, its development prospects in the coming years and the tourism expenditure of this tourist share compared to the average market.

Based on analyses of the sustainable tourism market, it is considered that the adoption and promotion of a sustainable tourism model could lead to 2 % annual growth[13]. This rhythm is also confirmed by relevant studies of islands worldwide, as in the case of the Azores islands, which increased their attraction of visitors by 15 % over seven years.

According to the World Economic Forum, travellers choosing sustainable tourism are less price sensitive and spend significantly more money (~51 % higher average expenditure).

The annual cost in absolute terms is calculated conservatively for 2024 during which, on the basis of a plan, the interconnections of Crete and the Cyclades will have been completed and therefore it will be possible to use their green perspective. Tourism traffic for 2024 is estimated at 2019 levels, assuming that over five years the domestic tourism industry will have fully recovered from the effects of the pandemic.

In this respect, in the Dodecanese, the cost, in addition to direct revenues of EUR 58.3 million, amounts to at least EUR 43.8 million of value added and 1,160 jobs per year. Respectively, in Lesvos-Limnos it is estimated at EUR 0.9 million and 25 jobs, in the Ikaria-Samos region, EUR 1.5 million and 40 jobs and in Chios at EUR 0.4 million and 12 jobs annually (annex-table 16).

It should be noted that costs for the supply chain are conservatively estimated, as they are based on the existing structure of regional economies. The gradual local development of such activities is expected to further strengthen the local development footprint, especially since the sustainable recovery of the tourism industry in Greece is also supported by the promotion of products that take advantage of the specific characteristics of destinations and are based on new trends towards sustainability.

The above costs, linked to the development of sustainable tourism, are of particular importance for the North Aegean Region, in particular the Regional Units of Lesvos, Limnos and Ikaria, which have experienced a marginal decline in tourist traffic over the last five years, although in the country as a whole

the annual growth rate for the same period was close to 4 %.

Finally, the inclusion of shipping in the ETS and the abolition of free emission allowances in aviation, affecting both freight and passenger transport, have a heavy burden on the above estimates.

As far as freight transport is concerned, the passing-on of extra costs on the goods transported will lead to an increase in the cost of living on the islands, which depend on imports of machinery, vehicles, medicines and medical equipment, fuel, food and other consumer goods from the mainland. At the same time, rising prices of exported local products, both directly and indirectly through the heavy production costs of more expensive fuels, will make them uncompetitive on the domestic and international markets.

Accordingly, an increase in the cost of passenger transport will lead to a reduction in tourist traffic and thus to a shrinking of island economies[14]. In addition, it will place a disproportionate burden on island populations forced to travel frequently by air and sea due to the lack of basic services at local level (hospitals, courts, public services, etc.). Balancing the negative effects on local economies through the JTM is therefore essential in order to maintain their competitiveness.

## 2.2. Development needs and objectives by 2030 in view of reaching a climate-neutral economy of the Union by 2050

Reference: point (d) of Article 11(2)

To address the impact and challenges of the transition of the North and South Aegean Islands and Crete listed in Section 1 require a focus on specific needs, the fulfilment of which presupposes the identification of objectives under the 5 priority axes of the JDT Programme:

1. Strengthening and promoting entrepreneurship
2. Energy transition — climate neutrality
3. Land use repurposing — circular economy
4. Just labour transition
5. Small-scale integrated interventions

as well as its complementarity with other programmes that span the full development spectrum, needs and perimeter of just transition challenges and are not limited to the eligibility of the Just Transition Fund Regulation. A more extensive reference to further areas and areas of intervention of the TJTP is set out in section 2.4.4.

With regard to the **loss of jobs and the reduction of the socio-economic footprint of thermal power plants, there is** a need to support their workers and their local suppliers and associates in the transformed sectors of the energy value chain. In this context, development objectives related to priorities 1 and 4 and other programmes complementary to the JDT Programme are:

- supporting research — innovation-advanced technologies actions, enhancing entrepreneurship of VSEs and SMEs and digital transformation of businesses.
- upskilling and reskilling of human resources through counselling services of workers and unemployed persons and internships
- promoting employment mainly by subsidizing highly skilled workers in clean energy, sustainable tourism and the blue economy, as well as integrated counselling programmes for unemployed people

In terms of **costs from the limited clean energy switch and the lack of diversification of the wider economy**, the needs of islands focus on fostering the transition through energy demand sectors, preparing local communities, and harnessing their potential for clean energy production to trigger the development of a wider climate-neutral economy ecosystem from production to consumption.

This requires the smooth penetration of RES, in line with the interests of local communities, also by promoting self-generation, while implementing ambitious energy savings and efficiency interventions.

It also requires support for local entrepreneurship, especially with regard to the creation of ecosystems. For example, businesses based in other regions that support RES production as external partners or suppliers on a case-by-case basis, are crucial to gain an incentive to develop a local presence on the islands. This will directly contribute to the creation of new jobs and an increase in output. At the same time, it will create a favorable ground for the development of the two main pillars of island economies, tourism and the blue economy, in line with the principles of sustainability.

Specific objectives relating to priorities 1, 2 and 4 and the other programmes complementary to the JTD Programme are:

- boosting entrepreneurship by:
  - support for businesses with a focus on innovation and economic diversification in insular regions
  - supporting fundamental factors for the creation of ecosystems (support to academia, clusters, transfer of know-how, co-development of innovation, etc.)
- engage and strengthen human capital through:
  - information and awareness raising on the development of RES and the sustainable economy
  - education and skills development compatible with the requirements of a sustainable economy, with a focus on clean energy production, sustainable tourism and sustainable blue economy
  - encouraging the participation of the local population in RES energy production and sustainable development to actively support the transition
- developing the necessary infrastructure to promote clean energy, sustainable tourism and a sustainable blue economy.

Finally, **in islands with an undefined interconnection plan or for which no interconnection is foreseen**, priority 5 and the strategic framework for the implementation of the Greco Islands National Initiative set the objective to implement holistic interventions that contribute to energy autonomy (self-generation and rationalisation of energy consumption) and to the shift of local economies towards greener and more sustainable activities.

It should be noted that the above development framework is linked to regional planning to maximise the benefits of the green transition in local communities and requires the necessary legislative interventions, particularly with regard to the location and authorisation of renewable energy sources.

### 2.3. Consistency with other relevant national, regional or territorial strategies and plans

Reference: point (e) of Article 11(2)

#### **2.3.1 National and regional RIS3**

**National RIS3 2014-2020:** It is in line with the objectives of the JDT by including energy, environment, sustainable development and technology among the sectors on which available resources are focused, recognising their competitive advantages and development perspective at national level. At the same time, it also emphasises the two-pack tourism-culture, which is particularly important for island regions.

**RIS3 Region of North Aegean 2014-2020:** It is based on 4 axes: innovation and entrepreneurship, agri-food, tourism-nature-culture and equal opportunities reflecting both the thematic orientations of the just transition and the cross-cutting objective of removing inequalities. A further link to the just transition is to promote the integration of technology to enhance the competitiveness of economic activities related to the

above sectors.

**RIS3 Region of South Aegean 2014-2020:** It places particular emphasis on tourism, as a development backbone of the region, as recognised in this text, with a focus on the adoption of sustainability practices. The areas of intervention are complementary to agri-food and fisheries/aquaculture. In line with the objectives of the JDT, the strategy is based on the development of human resources through vocational training and lifelong learning in the priority areas. At the same time, it makes sustainable development conditional on reducing the environmental footprint of local economic activities through the development of clean green technologies for energy production and saving, and promotes the use of information and telecommunications technologies to boost productivity.

**RIS3 Region of Crete 2014-2020:** Based on 4 priorities: agri-food, culture-tourism, environment and knowledge are in line with the ICM objectives. It emphasises the development of RES in sustainable terms and the use of innovation and scientific knowledge towards sustainable development, in environmental and social terms.

The 8 priority areas of the **National RIS 2021-2027** have recently been identified, which are identical to the 8 areas of the **National RIS 2014-2020**. Their further specialisation at regional level (with different timings per region) will determine the regional **ends of the TEU 2021-2027**.

The areas of specialisation and proposed actions of the TJTP and the JDT Programme take into account the main conclusions and proposals of the **National RIS 2021-2027** and the **National Strategy for Research and Innovation 2021-2027** and have been identified in cooperation with the Secretariat-General for Research & Innovation.

### **2.3.2. Synergies and complementarities with other regional or national development plans**

Synergies and complementarities are also identified with the ROPs:

**ROP Northern Aegean 2021-2027:** The ROP sets as strategic objectives the transformation and growth of the region's economy and the strengthening of social cohesion. As recognised in the JDT, the Region is suffering from well-established development inequality and the challenges of multi-insularity. To achieve the objectives, the strategy is in line with the objectives of the JDT, focusing on the development of human resources, the circular economy, the upgrading of technical and social infrastructure and the protection and enhancement of the environment as a driver of economic growth.

**ROP South Aegean 2021-2027:** The strategic objective of effective management of the environment and resources of the RIS converges with the objectives of the JDT for the region, which are set to address two challenges: environmental nuisance due to the continued operation of power plants in the Dodecanese and the social acceptance of RES in the Cyclades. The objective is served through the priority axis of sustainable development and resource management. Moreover, the objective of strengthening territorial cohesion and reducing intra-regional disparities goes hand in hand with the basic principle of social fairness that underpins the Just Transition Mechanism.

**ROP Crete 2021-2027:** It presents synergies with the JDT in the strategic objectives to integrate R & I into the production process and promote the circular economy. The territorial plan will support the financing of prerequisites for their implementation, skills development and entrepreneurship and innovation support.

**National Action Plan on the Rights of Persons with Disabilities:** Individual targeted actions, actions and interventions will be carried out in accordance with its content. The MA NSRF-JTD will participate in the Thematic Network on Disability Issues foreseen in the PA 2021-2027.

**Specific Spatial Framework for RES (currently under preparation):** It will define the terms and other

conditions for the siting and licensing of RES to ensure environmental compliance and social acceptance of investments.

**Greco Islands initiative:** The JDT Programme will contribute financially to the implementation of the initiative on the islands falling under the TJTP intervention areas and in accordance with the eligibility allowed by the JT Fund.

Synergies and complementarities can also be identified with other regional development plans, in particular by:

- National Circular Economy Strategy
- National Energy and Climate Plan (NECP) 2030
- Long-term strategy for 2050
- Long-term strategy for the renovation of the building stock
- Development plan for the Greek economy
- National Recovery and Resilience Plan
- National Waste Management Plan
- Sustainable Urban Mobility Strategies
- Digital Transformation Paper 2020-2025
- National Climate Law

The new Regional Aid Guidelines, which will apply until the end of 2027, provide significant incentives to attract investments capable of offsetting the effects of their transition to climate neutrality and securing new jobs and value in different sectors. At the same time, basic conditions are ensured for possible co-financing of key investments in islands (e.g. hybrid plants) that will make it possible to reduce their dependence on traditional sectors and effectively participate in the new economy. Significant assistance could also be provided by JASPERS technical assistance for the design and preparation of critical projects in the territories of the reference regions to receive InvestEU and/or EIB financing. At the same time, the expertise of the Clean Energy for EU Islands Initiative Secretariat as well as the joint initiative of the EIB and the EC, ELENA.NA, could be used during the project implementation phase.

## 2.4. Types of operations engaged

Reference: point (g-k) of Article 11(2) and Article 11(5)

### 2.4.1. Categories of indicative actions

Based on the objectives to address the just transition challenges, the envisaged actions under the JDT Programme, per priority, as well as other actions to be implemented by complementary programmes are further developed below. Each intervention shall cover at least one of the development objectives of section 2.2. All interventions will be further specified in the implementation of the just transition planning.

#### **1. Strengthening and promoting entrepreneurship [Reg. JTF, Article 8(a), (b), (c), (d), (h), (i), (k), (m)]**

##### Research — innovation — advanced technologies

Development of start-ups and spin-offs. The focus is on clean energy, sustainable tourism and sustainable blue economy. This includes support for start-ups/existing innovative businesses, the creation of

incubators/business accelerators, measures to address the lack of highly qualified managers in local enterprises and to retain/attract scientists (e.g. industrial masters, innovation partnerships) with a view to enhancing local competitiveness and economy.

#### Competitiveness of VMEs and SMEs — Digital transformation of businesses

Developing innovation, openness and competitiveness of enterprises and their interconnection with the RTDI ecosystem. Scaling up/modernisation, diversification and transformation of existing start-ups, VSEs, SMEs. Promoting sustainable tourism activities and a sustainable blue economy, including through social entrepreneurship. Digital transformation of businesses with a focus on promoting tourism and cultural products using innovative technologies.

#### Entrepreneurship infrastructure and mechanisms

Financing of local research infrastructures related to clean energy, sustainable tourism, blue economy, etc.

### **2. Energy transition — climate neutrality [No. JTF, Article 8(d), (e), (f), (g)]**

#### Energy efficiency

Support energy efficiency in households, public/municipal buildings and infrastructure, offices and production units, to reduce energy costs and improve their competitiveness.

#### Clean energy

Support for RES for self-generation and heating and in particular for energy communities. Installation of heat pumps and/or district heating networks using low and medium enthalpy geothermal fields. Development of small biogas plants in line with Directive (EU) 2018/2001 (RED II) and Regulation (EU) 2018/841 (LULUCF), as well as total reserve storage systems.

#### Smart energy

Use of RES technologies (incl. geothermal) to provide heating/cooling through heat pumps. Procurement of public-use electric vehicles and financing to businesses and local authorities for the development of charging stations.

### **3. Land use realignment — circular economy [Regulation JTF, Article 8(i)(j)]**

This priority, as identified under the TJTP on the basis of the JTF eligibility, does not include actions relating to islands.

### **4. Just labour transition and empowerment of human capital [Reg. JTF, Article 8(k), (l), (m), (o)]**

#### Promotion of employment

Subsidising jobs for highly qualified staff. Work experience or pre-work/traineeship programmes for young and unemployed people.

#### Upskilling and retraining of human resources

Nurturing new and up-to-date skills of human capital mainly in the clean energy, sustainable tourism and

sustainable blue economy sectors. Special attention shall be given to enhancing the skills of thermal plant workers. Exchange programmes to train local government officials on energy transition and sustainability issues.

#### Vocational education and training infrastructure

Development, upgrading and modernisation of vocational education and training infrastructure.

### **5. Small-scale integrated interventions [Reg. JTF, Article 8(e), (h), (i), (f), (j)]**

#### Quality of life and integrated development interventions in urban and rural areas

Projects supporting sustainable urban mobility resulting from integrated territorial or other types of strategies, including cycle paths, paths and no-use vehicle zones.

#### Integrated development interventions for Greco Islands

It concerns the support of the Greco Islands national initiative with JTF resources. This initiative includes a coherent strategic plan of interventions with the key pillars of the energy, environment, circular economy, transport, tourism, culture and agri-food sectors and is planned to be implemented following the ITI model in terms of philosophy, methodology and planning processes. In this context, the JDT Programme will cover financially those categories of interventions permitted by the eligibility of JTF Regulation and linked to the energy transition (“greening”) of islands.

In this context, the JDT Programme includes targeted actions to facilitate the penetration of RES (energy communities/self-generation actions) and the installation of HPS, the energy upgrading, the use of smart energy grids and digital applications, electromobility, awareness of local communities, etc.

It also includes actions promoted for other areas, use of heat pumps, energy upgrading of homes, offices, public and municipal buildings and infrastructure, sustainable urban mobility, and self-generation.

### **Other interventions not eligible under Regulation JTF (ANNEX.-p. 19)**

#### Green mobility and transport infrastructure

Creation of cycle paths, paths and areas forbidden use of private cars. Upgrade ports to support electrification of ships (cold ironing) and develop pilot applications for the use of electric ships for local lines between islands. Strengthening island interconnectivity.

#### Digital infrastructure

Upgrading of existing wired telecommunications networks.

#### Smart waste management and circular economy

Support for investments in material recovery, composting in productive industries and tourism, recycling and sustainable waste and waste water management (including tourism vessels). Interventions for water efficiency in buildings and industrial uses.

### **2.4.2. Productive investments in enterprises other than SMEs**

Not provided for.

### **2.4.3. Investments in undertakings to achieve the reduction of greenhouse gas emissions from the activities listed in Annex I to Directive 2003/87/EC;**

Not provided for.

### **2.4.4. Synergies and complementarities with Just Transition Mechanism pillars**

Pillars 2 and 3 of the JTM may support a wider range of investments, complementary to the eligible investments from the JTF under Pillar 1, in key areas for achieving the objectives of the JDT Plan such as: energy, transport, environment, digital infrastructure — technologies — services, culture — tourism, social investment, etc.

In particular, Pillar 3 concerns supporting public investments that do not generate a sufficient revenue stream (e.g. energy and transport infrastructure, green mobility, energy efficiency, RES investments, etc.) and projects enhancing the economic diversification of territories affected by the transition, which are highly complementary to the JTF (e.g. transport infrastructure and/or reconstruction and improvements to existing, water supply, irrigation, etc. infrastructure/networks). Pillar 3 support is provided through a loan provided by the EIB accompanied by a grant from the EU budget representing 15 % of the loan (may be increased to 25 % if the project is located in a Least Developed Region). Please note that 2025 is the deadline for the submission of proposals for the resources related to the national allocation for Greece. Advisory support for Pillar 3 may be provided by InvestEU Advisory Hub.

In this light, projects to enhance the economic diversification of territories affected by the transition may be supported, based on the TJTP intervention logic, are not eligible for the JTF but are at the same time highly complementary to the JDT Programme, such as: water infrastructure/networks (e.g. desalinations on islands), wastewater and solid waste management infrastructure/networks, social infrastructure of various types, flood and fire protection projects, qualitative and quantitative status of water bodies including coastal and marine ecosystems, small-scale port infrastructure on non-interconnected islands, etc.

As regards the financing possibilities of Pillar 2 (InvestEU, Just Transition Scheme), loans, guarantees, counter-guarantees and any other form of credit enhancement may be used for: (a) supporting microfinance needs in micro-enterprises and (b) fostering sustainable investments, from a technical and economic point of view, in particular in the transport and storage, energy generation, digital interconnectivity and ICT, bio-economy, manufacturing, health, waste management and circular economy sectors.

Finally, technical assistance and advisory services provided by the Just Transition Mechanism, including capacity building, will be used. These services will be provided either by partners, such as financial institutions or other entities with which the European Commission has an advisory agreement, or by external consultants (service providers), commissioned by the European Commission to comprehensively address the challenges faced by transition regions and operators operating in these areas. Technical assistance will first be activated through JASPERS/JTF delegation for Pillar 1 projects (private and public investment) and for projects to be implemented in JTD territories, financed by the other European Funds (other than JTF) and contributing to the achievement of the objectives of the JDT Plan.

### **2.4.5. Synergies and complementarities with other programmes**



Synergy and complementarity of the JDT Programme with the ROPs of North Aegean, South Aegean and Crete and the Sectoral Programmes of the Policy Objectives of the NSRF 2021-2027 has been discussed with the relevant management and coordination authorities.

As regards specifically the implementation of the Greco Islands national initiative, the strategic choice of the country is this initiative — under the coordination and supervision of the Ministry Development — it should concern a limited number of islands and be financed primarily by the new EECC Sectoral Programme under Policy Objective 2. In this context, the JDT Programme will complement its contribution by financing energy-related actions related to/contributing to the greening of the islands participating in this initiative, actions to strengthen local human resources and actions of a digital nature/applications in line with the specific eligibility of the Just Transition Fund. In addition, the relevant ROPs will be able to contribute depending on the availability of their resources to actions that are not eligible under either Policy Objective 2 of the EECC or the JTF of the JDT Programme.

In order to accelerate the just development transition of islands, in addition to the JTF, cross-cutting interventions from other sources of funding such as the European Maritime and Fisheries Fund (EMFF), in particular in the area of the blue economy, the Recovery & Resilience Fund (e.g. RES) and the European Agricultural Fund for Rural Development (EAFRD), may be complementary.

### 3. Governance mechanisms

Reference: point (f) of Article 11(2)

#### **3.1. Partnership**

The JDT Plan Steering Committee has contributed to the establishment of a Working Group (WG) (MD 15/02/2021) to involve stakeholders in the preparation of the TJTP North-South Aegean & Crete. The members of the WG are the Secretary-General for the Aegean and Island Policy (President), the SG Energy and Mineral Raw Materials, the SG Public Investment & NSRF, the President of the JDT Plan, the 3 Governors of the Regions of North, South Aegean & Crete, the Presidents of the Regional Unions of Municipalities of the Regions of North, South Aegean & Crete and the Director Adviser to PPC and its responsibilities to define the participants in the process of drawing up the TJTP, to approve the information and consultation procedure with the participants in the process of drawing up the TJTP and to coordinate the participants in the TJTP consultation process.

The WG organised the partnership under Article 8 of the CPR with the participation of local authorities, economic-social bodies, scientific-academic bodies & research centres, chambers, labour centres/employees' associations, etc.

For the draft TJTP Islands, 2 consultation cycles were carried out with a structured agenda/questionnaire to facilitate the stakeholders: 28-4-2021 until 14-5-2021 & from 8-6-2021 until 25-6-2021 along with the JDT Programme.

The bodies have reflected their proposals in this regard and the TJTP has been adapted: reflecting the timetable for transition and smooth penetration of RES, enriching measures to support sustainable tourism activity/removal of islands' isolation, strengthening the intervention logic by highlighting the strategic options for mitigating the impact of the transition and better reflecting the indicative interventions, reforming governance to reflect the involvement of local actors in the preparation and implementation of the TJTP.

The involvement of the local actors of the partnership in the **implementation of the JDT shall** be ensured as follows:

**Establishment of a branch/office of Metavasi SA** in the JDT areas to provide technical support to local beneficiaries during the maturity of their projects and the organised reception, information and support of investors in the areas of JDT.

**Establishment of JDT Evaluation Committees**, in application of the provisions of the Law 4872/2021, Article 14, with responsibility for evaluating projects, investments and development projects of interest to the public purse and in which one representative from each affected region must participate.

A **Regional/Territorial Committee** shall be set up for the TJTP of the Islands, in accordance with the models set out in Article 64 of Law 4914/2022, headed by the local authorities, **with an advisory role** for the governance structures of the JDT and the Monitoring Committee of the JDT Programme. The Regional/Territorial Committee will also promote **dialogue and exchange of views** between stakeholders at local level.

An authorised officer for Just Transition will be designated in the MAs in Islands.

**Establishment of an office to the JDT Observatory** in the regions of the TJTP Islands.

### **3.2. Monitoring and evaluation**

The control of the transition procedure is carried out by the Special Authority JDT under the Ministry of Development and Investments (Law 4872/2021) and is common to all affected areas. The Managing Authority will carry out the systematic monitoring of the objectives set and provide valid information, assessment and analysis on the type and extent of socio-economic changes in the affected areas, with a view to taking corrective measures and/or adjusting policies.

### **3.3. Coordination and monitoring body/bodies**

The organisational structure of the domestic transition process shall include:

- **Government Committee JDT Plan:** GC is the supreme political body of the national JDT Plan whose main purpose is to approve and monitor the JDT.
- **Coordinating Committee:** CC supports GC in the specialisation of the national policy(s) for the drafting and implementation of the JDT.
- **Special Authority for JDT:** Its main responsibility is the central planning and programming of JDT policies, the monitoring and evaluation of the procedures for the implementation of projects, investments and development plans, and the management and coordination of the use of all available national or European sources of funding. The Special Authority comprises 4 distinct structures: the Managing Authority for the JDT Programme - NSRF, the Directorate for Strategic Planning and Coordination of Financing, the Directorate for Administrative Support, Legal Support Department.
- **JDT Observatory:** It is a stand-alone department of the JDT under the commander to monitor the achievement of the objectives and the timetable for the implementation of the forecasts of the JDT. The Observatory mainly collects and processes quantitative and qualitative data on local/regional actions in transition areas;
- **Metavasi SA:** A legal entity established by Law 4872/2021 is owned by the broader public sector and will own the land that PPC will transfer to the Greek State. Metavasi SA will take over all the processes for the implementation of investment projects/projects within Delignification Zone and the role of one of the beneficiaries of the JDT Programme in the repurposing and re-use of the land granted.
- **Monitoring Committee JDT Programme:** The Monitoring Committee is the leading body for the involvement of partners in the implementation, monitoring and evaluation of the JDT Programme. The MC will be set up on the basis of the requirements of the CPR and Law 4914/2022.

#### 4. Programme-specific output or result indicators

Reference: Article 12(1) JTF Regulation

Justification for the necessity of programme-specific output or result indicators based on the types of operations envisaged

Based on the mix of indicative actions/operations per priority, as reflected in Chapter 2.4 of the Territorial Just Transition Plans, there is a need to create a small number of specific output and result indicators in addition to the common indicators of Regulation 1056/2021.

In detail, the justification for the specific indicators shown in Section 4 of the Territorial Just Development Transition Plans is reflected in the Methodological Document of the Performance Framework for the JDT Programme by indicator.

Reference: point (g-k) of Article 11(2) and Article 11(5)