

Local management of a systemic transition

Boosting participation in the energy transition: Five action areas for the new EU policy cycle (5/5)



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Introduction

The 2019-2024 EU mandate was marked by a perfect storm. From a global health crisis to war on Europe's doorstep, from energy price surges to climate disasters, crises impacted the policy agenda on all fronts. These five years exposed and amplified the main shortcomings and challenges of the EU, highlighting the **importance of our energy transition for security, sustainability, safety, resilience and equity**,¹ and therefore how inherently connected it is to the need to develop a more sustainable, secure, safe, equitable and resilient model for our economy and society.

The mandate also showed the **importance of local and democratic infrastructures and citizens' initiatives in the energy transition** – as seen, for example, in households voluntarily limiting their energy usage to make it possible to cut ties with Putin's gas supply, or in local initiatives to shift to renewable energy sources. Local actors – elected representatives, local administrations, businesses, social stakeholders and citizens – are critical because they live and operate in the territories where energy production and consumption patterns are shaped. As highlighted by the Place-based Climate Action Network (PCAN),² localised efforts can lead to better strategies, drawing on specific knowledge and local experiences that larger, top-down approaches might overlook.

But local ownership of the transition is equally important for another reason. The European Commission proposed a Green Deal in 2019 following a wave of climate strikes demanding action, and opinion polls still show broad support for action on climate change.³ Now, though, as the impacts of energy transition policies on lifestyles, sectors, communities and geographies are becoming increasingly apparent, it is becoming more contested. These impacts vary depending on the place, and so do the policy solutions to them, which is why **local transition management will be vital for achieving the public support** needed for the energy transition.

Building on these lessons, this brief calls for a **territory-focused, whole-of-economy approach to the EU's energy transition**. It will focus on reinforcing democratic processes to deliver transformative strategies that are designed for society, by society. It calls for citizens, economic and social actors and elected representatives to share the driver's seat, working together to create a vision for each territory and plan its goals and implementation. This kind of shared ownership and fostering of local transition – or rather, transformation – management is the only way to ensure that the burdens and benefits of this new stage of the EU's energy transition are distributed equally across geographies and social groups. The start of the European Commission's new mandate (2024-2029) is an opportunity to act on this and to strengthen fair participation and inclusion through local management of a systemic, whole-of-economy energy transformation.

State of play: How local transition management contributes to fair participation in the EU energy transition

European Green Deal legislation addressing municipalities

Legislation in the European Green Deal acknowledges the role that local government must play in delivering the energy transition. For example, the recast Energy Efficiency Directive requires local authorities to integrate energy

efficiency into their long-term planning and ensure that measures do not negatively affect energy-poor households.⁴ The Renewable Energy Directive places a similar obligation on local authorities to include provisions for renewables roll-out in urban planning.⁵ It is now compulsory for cities with more than 45,000 inhabitants to map heating and cooling (with the aim of decarbonising). There is however no comprehensive framework enabling cities to know about all their obligations and to translate these into a strategic planning tool that can be used by municipalities and local stakeholders. Moreover, the requirements often tackle only one dimension of the transition, and stop short of empowering local actors to enact systemic change.

A common energy and climate language for local authorities through the Covenant of Mayors

The Covenant of Mayors for Climate and Energy framework has been key to developing a common language for local actors and for helping national and EU decision-makers to incorporate local potential into energy transition policies. Since 2008, over 10,000 municipalities have created a **Sustainable Energy and Climate Action Plan (SECAP)** as members of the Covenant of Mayors. This strategic planning document sets out commitments to 2030 and the actions required to meet them. It is based on an inventory of the municipality's greenhouse gas emissions and an assessment of the risks and vulnerabilities it faces.⁶ After validation, the plans are used as a basis for implementing and monitoring the local energy transition, and encourage municipalities to commit to going beyond headline EU targets. The initiative is a unique, inclusive movement welcoming municipalities from all Member States, in all their political, geographical and demographic diversity. The Covenant commitment is often included in the criteria for accessing EU funds.

A myriad of initiatives to support the local level

An increasing number of EU programmes are now available to support municipalities in their transition. Initiatives offering technical assistance, cooperation platforms, networks and awards have accumulated⁷ to the extent of becoming challenging to navigate.

For example, the Green City Accord⁸ is extending energy and climate targets to other resources such as water and urban biodiversity. The flagship Climate-neutral and Smart Cities Mission⁹ has redirected a significant portion of the Horizon Europe budget to **supporting 100 cities to reach climate neutrality** by 2030. Each city's strategy, or Climate City Contract, must apply a cross-sectoral approach and be co-created by the city, local stakeholders and citizens. The Green Capital and Green Leaf awards¹⁰ recognise efforts made by cities in their green transition, with separate categories for bigger and smaller cities.

A wider example of this place-based and whole-of-economy approach is the **New European Bauhaus (NEB)**. Under its three core principles of 'sustainable, inclusive and beautiful', this policy and funding initiative tackles the green transition in the urban environment alongside changes in lifestyle. It does this through multi-stakeholder co-design, focusing on neighbourhoods and on-the-ground engagement, and including industry, education and the cultural sectors. The sustainability element of NEB is similar to the 'Positive Energy Districts' concept,¹¹ which shifts the focus from the energy performance of specific buildings to the energy performance of whole districts, and the interaction and integration between their buildings. The NEB approach of placing culture at the

core of urban transformation is an excellent example of the systemic thinking that the energy transition needs.

Vital cohesion funding

Cohesion funding during the latest funding period has supported strategic planning for the green and digital transitions, as well as urban renewal in some neighbourhood projects combining social, economic and green development. The funds are often seen as a crucial lever to “oblige” local and regional authorities to work together on common projects and ensure that they are aligned with strict environmental and social goals through planning and ex-ante conditionalities. They do act as a vital incentive for positive change, but by their nature are not always systemic or sufficiently long-term, resulting in partial results.

What is missing?

The European Green Deal and its related legislation set out ambitious objectives covering renewable energy production, energy efficiency targets and building and renovation regulations, plus an overarching commitment to achieving climate neutrality by 2050. As shown above, numerous initiatives have been introduced to involve local actors in these initiatives and objectives, thereby increasing inclusion and participation in the EU’s energy transition. However, two critical elements for realising the full potential of the EU’s energy transition approach are still missing: first, a systemic vision to transform the economy and society as a whole and second, genuine place-based strategies to formulate and deliver this vision effectively.

A systemic and transformative whole-of-economy approach ...

In order to succeed, the energy transition must be accompanied by broader systemic change. Our relationship with land and resource usage – especially energy – requires a complete overhaul in order to be sustainable. Strengthening participation and inclusion in the EU’s energy transition requires this overhaul to be well-planned and its implementation to take all citizens on board. This necessitates a coherent narrative on how the transition to a renewable energy economy can also provide key societal benefits, such as liveable environments, accessible mobility, water, heating, cooling, quality food, housing, healthcare and community-based projects that enhance collective knowledge and resilience.

The scale of this challenge is immense and requires the alignment of EU policies and instruments to support such systemic change. This kind of shift would ensure that the energy transition simultaneously addresses pertinent social and ecological concerns. However, as noted in the brief on Just Transition Governance within this series, this alignment has yet to be completed.

... with a place-based focus

While a transformative narrative is essential, it cannot be defined or implemented solely at the EU level. The optimal transformation pathways vary due to local factors such as available resources, and must interact with broader – often locally specific – objectives such as resilience and energy security. Disparities in human, financial and natural resources across regions mean that local authorities are starting their energy transitions from vastly different positions, leading to potentially divergent futures across Europe.

Renewed dialogue between all levels of government

A structural voice for local communities and ecosystems in the shaping of their futures is still too absent from EU policymaking. Economic actors, municipalities,

educational and healthcare institutions, farmers and citizens across the EU should all have bigger roles to play. This will require moving toward a genuine place-based approach that reflects the specific needs and capacities of different regions far better. These local strategies need to feed in to regional, national planning of the transitions and all levels of governments need to enter into an iterative and continuous dialogue.

Adequate means to deliver local transitions

In addition to the lack of meaningful EU democratic engagement with local actors, another key challenge is the shortage of financial and human resources at the local level as well as the relevant competencies to manage the transition. Years of austerity have left many local authorities without the staff or capacity to handle the complex responsibilities of the energy transition. Moreover, current funding instruments, although great incentives for local government innovation, are not fully aligned with the need for long-term, multisectoral, place-based strategies. Programmes such as the Mission Climate Neutral Cities and the New European Bauhaus show potential, but they need to be made accessible to all municipalities. Embedding their guiding principles into the core of EU funding would foster more integrated, sustainable programmes. Achieving territorial and social cohesion is not only an EU founding objective, but also a prerequisite for healthy democracies, resilient to change.

Incentives for collaboration

Finally, more attention and support for knowledge sharing and local collaboration is required. Despite the many divergent paths that exist locally, synergies can be created. For example, cities with high energy demand but limited space for renewable energy generation could partner with rural areas rich in renewable resources. Programmes such as the Interreg Renewable Energy Partnerships facilitate this but are underused.¹² It is only through collective reflection and engagement that we can ensure this potential is realised and that all citizens have equitable access to scarce resources – wherever they live.

Current EU exchange programmes between regions and cities have already proved to be an excellent incubator and cross-fertilisation tool for amplifying innovation in local administration. However, their value is too often underestimated in comparison with overrated technical innovations, and support programmes are limited in duration and so do not offer the continuous forum for engagement that is required. Additionally, such programmes often benefit the same cities; they need to be available to all municipalities.

How can the EU support a locally managed, systemic, place-based energy transition?

1. Create a future-proof vision for the energy transition with local actors

The energy transition is more than a technical shift: it is a comprehensive transformation of societies, economies and territories. As in the 1950's, when our cities were transformed to adapt to cars, a huge transformation will also happen now, freeing towns, villages and cities from their fossil dependencies. For Europe to lead in achieving climate neutrality by 2050, the EU's approach to local energy transition management must undergo a fundamental rethink.

Movement in three key directions can provide the foundation for a systemic, future-proof vision:

Towards fossil-free places

Fossil energy has been the engine of urban and economic development for over a century. This dependence on fossil fuels has entrenched unsustainable systems that are not only environmentally destructive, but also economically inefficient. The EU's reliance on imported energy is a vulnerability. Shifting to renewable energy sources mitigates climate change, enhances energy security and independence, and is the social and economically sound choice, too. It is also an opportunity and a means to switch our dependencies away from transnational oil companies with entirely different interests, and onto locally owned renewable energy generation aligned with the concerns of its consumers. Transitioning away from "petro-cities" to communities powered by renewable energy means reimagining urban planning and mobility systems, decentralising energy infrastructure planning and management, and reducing the ecological footprint of our communities, while also transferring power to local entities to make them drivers of their own energy transition.

Towards community wealth and risk resilience

Resilience is a key concept in the face of mounting climate crises. However, resilience should not be seen merely as the ability to bounce back after a disaster, but as the capacity to anticipate and adapt in the face of future challenges. Strong, cohesive communities are more likely to withstand social, economic and environmental shocks. As demonstrated by the work of Elinor Ostrom, Nobel laureate in economic sciences, community-driven resource management is often more effective than centralised approaches in ensuring long-term sustainability. Moreover, there is evidence that strong communities – where people care for their neighbours, other generations and their environment – are better equipped to resist disasters.¹³

Towards a whole-of-economy just transition for a well-being society

A just transition is not just about energy: it is about the sustainable use of all natural resources and reimagining our economies and societies to prioritise well-being over GDP growth. Public services such as transportation, health and education need to be aligned with climate and energy transition goals to create a well-being economy where the benefits of the transition are shared broadly.

2. Reinforce place-based practices in EU policy-making

In order to make this vision a reality, the EU must adapt its policy design processes to integrate place-based approaches that harness the unique strengths of local communities. Decentralising policymaking empowers local actors who understand their communities' unique challenges and opportunities, fostering more innovative, responsive and context-specific solutions. Each territory can set its own priorities from a list of tangible targets that are shared by most local communities. Building on the work of other organisations such as the Fabrique des Transitions¹⁴ and the Donut Lab¹⁵, we propose the following steps to foster long-term engagement and trust, ultimately facilitating local transition management:

Engage: empowering local communities to lead the transition

Engagement at the local level is key to ensuring that EU policies reflect the diversity of local conditions and capacities. The EU's energy policies must

support the development of local management infrastructure that enables local actors to co-design and implement solutions. Municipalities are often constrained by a lack of human and financial resources, limiting their ability to take the lead in the energy transition, as well as to ensure law enforcement. Therefore, EU programmes and policies, including the European Semester, must prioritise investment in municipal capacity, particularly in rural and underserved areas in order to ensure to every citizen the “freedom to stay”.¹⁶

Moreover, local initiatives can be dramatically strengthened by empowering citizens to take an active role in the transition. **Houses of Change** – local agencies for transformation – could act as hubs for mobilising citizens, disseminating knowledge and encouraging active participation in the energy transition. These agencies would ensure that citizens have access to accurate data on the energy and food systems around them, allowing them to engage meaningfully in co-creating solutions. This kind of information makes the transition tangible and relevant, shifting the conversation from newsrooms to neighbourhoods (see the sections on **one-stop shops** in the Renovation and Renewable Heating and Cooling brief).

Cooperate: sustaining collective ambition over the long term

To ensure long-term success, the energy transition must be co-owned by local communities. This requires new forms of collaboration, including soft institutions such as **local mission boards** (structures to promote change, provide advice and attract partnerships with private actors) and **Climate Citizen Assemblies**. These participatory frameworks can build consensus, foster innovation and avoid the divisive controversies that have hindered progress in some regions. For instance, local citizens' assemblies on climate change have proved successful in building broad-based public support for ambitious climate policies by engaging citizens in a structured deliberative process.

Cooperation cannot succeed without clear roles for each stakeholder involved. A coherent framework that includes political leaders, municipal transition teams, EU/state/regional representatives and local economic and social stakeholders (businesses, non-profits, citizen groups) is essential for creating an enabling environment for change. Each stakeholder must be empowered and held accountable within their respective areas of responsibility.

Act: aligning actions with a systemic vision and investing in local governance

Building on the approach of the successful New European Bauhaus initiative, the EU needs to greatly increase the number of its positive, co-owned initiatives to form and deliver energy transitions throughout its territories. It must also align financial support with local transformation strategies. The **Integrated Territorial Investment¹⁷ mechanism**, part of the EU's Cohesion Policy, has proven to be a valuable tool for translating territorial visions into concrete investment plans. Extending this mechanism while also offering greater flexibility in terms of financing, especially its timing, could empower local authorities to **plan for the long term rather than being constrained by short-term funding programme cycles**.

Furthermore, the partnership principle at the core of cohesion policy and funding needs to be upgraded or complemented. To truly embed a systemic energy transition, the EU needs to **complement the partnership principle with local pacts** that go beyond the stakeholder consultation that is often limited to national level partners. This is key to ensuring that EU funding is better planned and spent, and could help resolve the recurring problems around absorption. Local pacts can build on the strengths of the **Climate City Contract model** in the

EU Mission for Climate-Neutral and Smart Cities 2030: a cooperative process for planning and designing a territorial contract based on an open iterative process with space to revise, adapt and rewind and involving local, regional, national and EU institutions as well as economic and social actors at local level.

Other areas where the EU could better empower local ownership over transitions include EU public procurement and state aid rules, the reform agenda, the EU budget and fiscal scrutiny via the Stability Pact/EU Semester procedure. For example, current rules make it extremely difficult for cities and local citizens or companies to invest jointly in energy communities. The same goes for local purchasing, which can reinforce the community and improve circularity and

climate impact. It is imperative that the next mandate generates more, not less, democracy in these frameworks and initiatives. Investing in local institutions and having them co-decide the pathways of their own transitions is the only way to fight disparities in the application of the legislation.

Evaluate: learning by doing and amplifying success

Finally, evaluating the success of local energy transitions must go beyond simply monitoring technical performance: it should also **measure the social, economic and environmental value created**. Current EU exchange programmes serve as important incubators for fostering innovative practices between regions and municipalities. Equally, the aforementioned EU Mission for Climate-Neutral and Smart Cities as well as the URBACT programme use a cohort structure that connects cities that are on similar transformation paths, in order to promote a sense of shared purpose and community over an extended period of time. This approach is one form of **learning community** for peers who may face many different intersecting challenges, including resources, demography or climate.

However, these programmes, which are relatively cheap to set up, must be expanded and made available to small and medium-sized municipalities beyond those that already participate in similar forums. This approach, based on "learning by doing" in peer groups, can foster a culture of continuous improvement and enable the replication of successful models across Europe.



Concluding remarks

A locally managed, systemic and place-based energy transition is essential for achieving prosperity and well-being in Europe. By re-localising energy production, engaging local actors, strengthening community wealth, ensuring a just transition and fostering cooperation at all levels of governance, Europe can build a sustainable, resilient future. The time for a bold and inclusive shift toward locally tailored energy systems – a shift that not only reduces emissions but also strengthens the social fabric and builds economic resilience across the EU – is now.

Endnotes

¹ Ursula von der Leyen reminded us of this in her speech to the new European Parliament before being re-elected as President of the Commission: '... high energy bills are a major driver of energy poverty for people. I have not forgotten how Putin blackmailed us by cutting us off from Russian fossil fuels. But we withstood together. We invested massively in homegrown cheap renewables. And this enabled us to break free from dirty Russian fossil fuels.'

² See <https://pcancities.org.uk/>

³ European Commission (2023). Climate change: Special Eurobarometer 538. Retrieved from <https://europa.eu/eurobarometer/surveys/detail/2954>

⁴ Energy Efficiency Directive 2023/1791, article 5.1b

⁵ Renewable Energy Directive 2023/2413, article 15

⁶ The EU Joint Research Centre has compiled a guidebook for participating municipalities to help them develop their SECAP. EU Joint Research Centre (2018). Guidebook 'How to develop a Sustainable Energy and Climate Action Plan (SECAP)'. Retrieved from <https://eu-mayors.ec.europa.eu/en/resources/reporting>

⁷ Committee of the Regions, 2024, Regions and cities shaping the European Green Deal 2.0

⁸ European Commission. Green City Accord. Retrieved from https://environment.ec.europa.eu/topics/urban-environment/green-city-accord_en

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¹² Heinrich-Böll-Stiftung and German Environmental Action (Deutsche Umwelthilfe) (2024). 100% Renewables Action Plan for the next European Commission. Retrieved from <https://eu.boell.org/en/100-percent-renewables>

¹³ Urban Ocean Lab (2022) Social Cohesion as a Climate Strategy: Reflections on Superstorm Sandy. Retrieved from <https://urbanoceanlab.org/resource/sandy-community-resilience>

¹⁴ See <https://fabriquedestransitions.net/>

¹⁵ Donut Economics Action Lab (nd). Principles & Guidelines. Retrieved from <https://doughnuteconomics.org/principles-and-guidelines#doughnut-principles-of-practice>

¹⁶ As promised by the President of the Commission Ursula von der Leyen in her address to the European Parliament, July 2024. Transcript available at https://ec.europa.eu/commission/presscorner/detail/en/STATEMENT_24_3871

¹⁷ Territorial Agenda (2023). ITI & CLLD: key tools for the implementation of EU Cohesion Policy. Retrieved from <https://territorialagenda.eu/news-articles/iti-clld-key-tools-for-the-implementation-of-eu-cohesion-policy/>

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The **Green European Foundation (GEF)** is a European-level political foundation whose mission is to contribute to a lively European sphere of debate and to foster greater citizen involvement in European politics. GEF strives to mainstream discussions on European policies and politics both within and beyond the Green political family. The foundation acts as a laboratory for new ideas and offers cross-border political education and a platform for cooperation and exchange at the European level.

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The **Heinrich-Böll-Stiftung** is a German political foundation affiliated with the German Green Party. Its primary task is political education and advocacy in Germany and abroad. Our main tenets are ecology and sustainability, democracy and human rights, non-violence and justice. In our work, we place particular emphasis on gender democracy, equal rights for minorities and the political and social participation of migrants. As a think tank for green visions and ideas, we are part of an international network with 34 offices worldwide and with partner projects in more than 60 countries.

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