

Case study

Spain's just transition energy tenders

February 2025



Spain's Just Transition Institute (ITJ) has developed a series of innovative tenders linking grid access for renewables to job creation and social and environmental programmes. The first will see utility Endesa investing €1.5 billion in the municipality of Andorra, Aragón.

Summary

- Spain has pledged to shut down all of its coal-fired power capacity before 2030, a sector that directly employed 3,000 people as recently as 2018.
- To help ameliorate the impact, Spain's ITJ has developed a series of tenders that link grid connections for new renewables projects with pledges to invest in the local economy of areas affected by the coal closure programme.
- The first tender, approved in 2022, will see a subsidiary of utility Endesa invest €1.5 billion in renewables projects alongside €60 million in employment creation and social and environmental initiatives.
- The bid involved extensive consultation with local communities and businesses, using the Creating Shared Value model developed by Endesa's parent company, Enel.
- Local partners are already reporting close partnership with Endesa and positive impacts including job creation and a slowdown of demographic decline in rural villages. Trade union groups are also supportive of the mechanism.
- ITJ is now refining the tender process and is rolling it out to other regions in Spain.



Just Transition Finance Lab case study series

The Just Transition Finance Lab case study series profiles emerging practice in bringing the just transition to life, examining the interplay between companies, finance institutions, workers, communities and policymakers. A major focus is on the role that finance can play in supporting meaningful action.

The case studies are based on interviews with key protagonists and observers. They seek to explore the motivations, processes, successes and challenges in addressing the social implications of the transition to a net zero and nature-positive economy. They also aim to identify lessons that can be drawn from early steps to align the interests of capital, labour and the wider community in an equitable response to the climate crisis. The aim is to show what is possible and encourage leadership.

The Just Transition Finance Lab is based at the Grantham Research Institute on Climate Change and the Environment at the London School of Economics and Political Science.

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Introduction

The transition from carbon-intensive to net zero economies creates a whole range of challenges, from narrow, technical issues around energy supply, to society-wide social and political disruption. With a series of innovative tenders for grid connections, Spain's Just Transition Institute (*Instituto Para La Transición Justa*, or ITJ) has successfully linked enormous demand among power companies for grid connections to alleviating the social impacts of coal decommissioning.

The ITJ held a first-of-its-kind tender for grid access capacity created by the closure in 2020 of the 1GW Teruel coal-fired power plant, in the municipality of Andorra in Aragón. That tender was won in 2022 by Enel Green Power España (EGPE), a subsidiary of Spanish power utility Endesa, which has committed to invest more than €1.5 billion in renewable energy and energy storage projects. The investment will create 380 direct jobs and an additional 6,000 indirect jobs in the area. ITJ is, as of early 2025, preparing four subsequent tenders, with the first, for 409MW of grid access capacity in Cordoba, issued in August 2024.

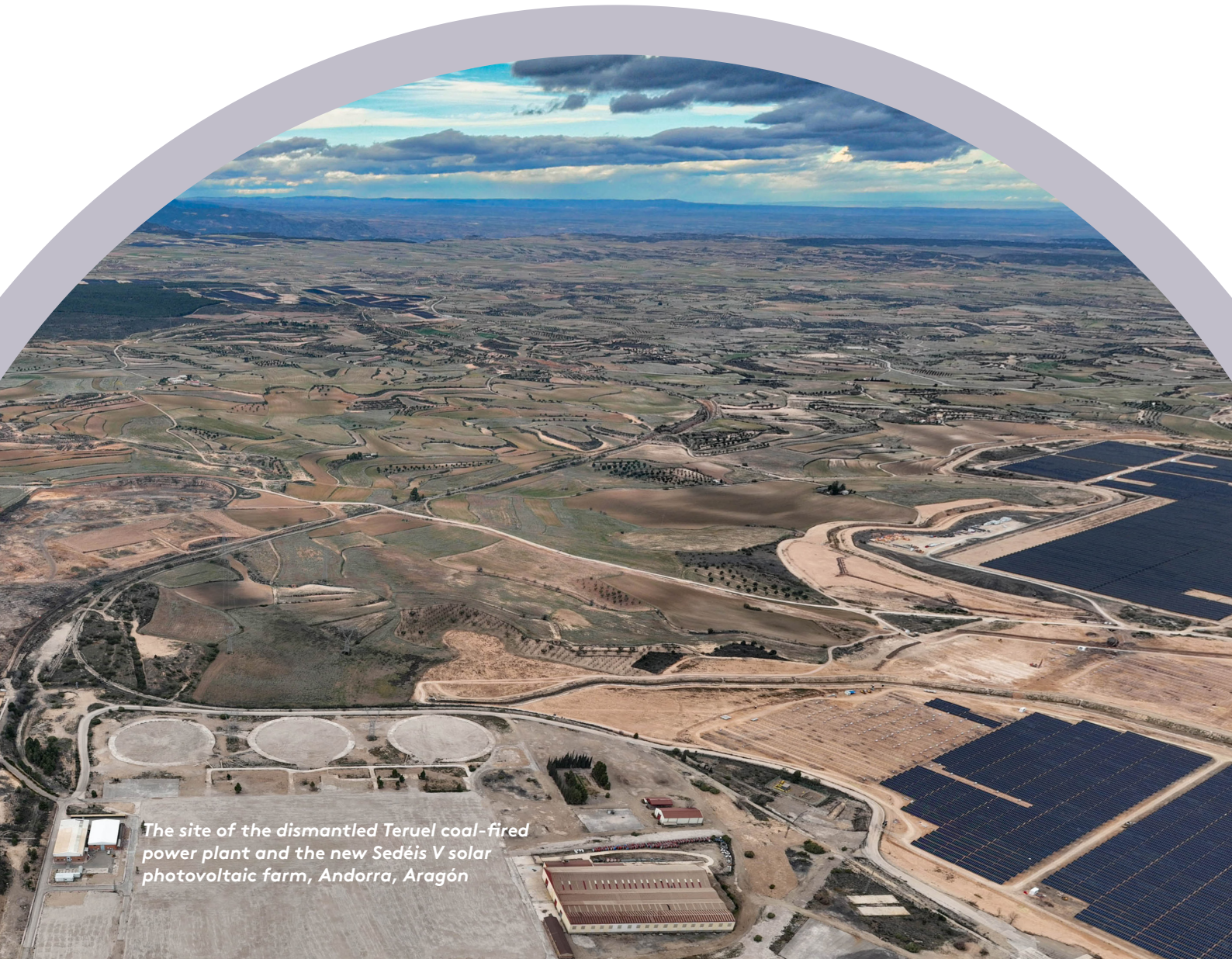
"These tenders are a very innovative instrument," says Julián Martínez Bejarano, a technical advisor at the ITJ in Madrid. "They require no public financing or economic funds, as what is being tendered is grid access."

"We think the tender programme is a unique experience both in terms of a just transition for coal regions and also how to maximise economic benefits from renewables at the local level," he adds.

The policy context

In February 2019, the Spanish government approved its *Strategic Framework for Energy and Climate*. That framework set out the country's "foundations for decarbonisation" over 2021–30, as part of its goal to reach net zero emissions by 2050.¹ The plan, which was updated in 2024 with more ambitious goals, aims to cut emissions by 32% by 2030 compared with 1990 levels, through 48% renewable energy consumption by

1. Government of Spain (2020) *Just Transition Strategy*. Madrid: Instituto para la Transición Justa



The site of the dismantled Teruel coal-fired power plant and the new Sedéis V solar photovoltaic farm, Andorra, Aragón

that date, and 81% renewable electricity, enabled by €308 billion of public and private investment.²

The plan is forecast to generate savings of €86 billion in reduced consumption of fossil fuels by 2030, increase GDP by 3.2 percentage points compared with business as usual, and create net employment of between 363,000 and 560,000, mainly in manufacturing and construction. It could also spur economic revitalisation of depopulated areas, by creating green jobs.

As part of its efforts to reduce emissions, Spain closed its remaining coal mines at the end of 2018 and coal-fired power plants are following suit. In 2018, its 15 coal plants supplied 14.3% of the country's electricity and provided more than 3,000 jobs, including employed staff and contractors.³ But by the end of 2024, 11 of these plants had been shut down and coal generation had fallen to just 1.1% of Spain's electricity supply.

To manage the social impacts of these closures and of further efforts to decarbonise the economy, the government developed a Just Transition Strategy as part of its Strategic Framework. This produced an agreement with unions and industry to ensure a just transition for coal power plants, including measures to generate employment and build related infrastructure, with energy companies and the government jointly committing to relocate workers and find alternative employment.⁴

To help deliver the strategy, the government established the ITJ in April 2020, as a body within Spain's Ministry for Ecological Transition and Demographic Challenge.

Spain's Just Transition Strategy

In its Just Transition Strategy, the Spanish government sets out the context for the economy's "ecological transition" and its vision for that transition driving employment creation.⁵ It sets out 10 strategic objectives, including job creation, equal distribution of opportunities, slowing down depopulation, improving research, development and innovation, and minimising negative impacts on vulnerable areas.

It then describes the measures the government will undertake to pursue a just transition, explains the process for drawing up regional Just Transition Agreements, and the governance of the Just Transition Strategy. Finally, it sets out an "Urgent Action Plan" for coal regions, including the closure of power plants; this

contains measures that the Just Transition Agreements should include to provide support and finance to areas affected by power plant closures.

Seeking to address a key challenge for Spain's energy sector, among these measures is "priority access to part or all of the electricity transmission capacity ... which shall be awarded through appropriate procedures such as competitive tendering, taking into account from the outset both technical and economic benefits and environmental and social benefits, including the generation of employment". The background here is that as the energy transition accelerates, grid operators are struggling to connect the flood of wind and solar projects seeking grid access. Obtaining a connection to the electricity grid is the main bottleneck to the EU's renewable energy rollout, according to business association WindEurope.⁶ More than 500GW of wind energy capacity alone in Europe is awaiting responses to applications for a grid connection; 40GW of this is in Spain.⁷

The Andorra node tender

On 2 November 2021, Spain's government issued a tender for granting access for renewable energy projects to the electricity transmission network at the Mudejar Just Transition Node, using capacity made available by the closure of the power plant and owned by Red Eléctrica de España, the partly state-owned transmission system operator.⁸ The tender received 12 bids.

Among other things, the bids were assessed against creation of local jobs, especially for workers affected by coal phase-out and women, re-skilling plans, and indirect effects on local business and industrial projects. Other factors assessed include proposed social-economic plans, agreements with other enterprises or local associations to promote local initiatives, and the promotion of distributed energy and energy communities for citizens and companies in the area. Planning, technical, economic and legal feasibility were considered, as was the minimisation of environmental impacts by renewable installations. In addition to the usual 'do no significant harm' requirements for such projects, the bids were also given credit if they reduced environmental impacts by locating projects in less environmentally-sensitive areas.

2. *National Integrated Energy and Climate Plan (PNIEC 2023-2030)*

3. Government of Spain (2021) *Towards an agile Coal Phase Out in Spain Agreement for a Just transition for coal power plants: jobs, industry and territories*. Madrid: Instituto para la Transición Justa

4. Government of Spain (2021) *Agreement for a just energy transition for thermal power plants in closure: employment, industry and territories*. Madrid: Government

5. Government of Spain (2020) *Just Transition Strategy (supra note 1)*

6. WindEurope (2024) *Immediate actions needed to unblock grid capacity for more wind energy*. Press release, 5 July. Brussels

7. *Ibid.*

8. Government of Spain (2021) *Order TED/1182/2021*, of 2 November, regulating the procedure and requirements applicable to the public tender for the granting of evacuation access capacity to the electricity transmission network of renewable generation facilities in the Mudejar 400kV Just Transition Node and proceeding to its call. Government tender, 3 November

One year later, on 26 November 2022, ITJ announced that Endesa, through its EGPE subsidiary, had been successful. The bid committed EGPE to:

- Develop 14 wind and solar energy plants, comprising a total of 1,202MW of grid access capacity and 1,800MW of installed capacity
- Build 79MW of batteries and a pilot hydrogen production plant
- Invest in the renewable energy value chain, supporting a new solar tracker factory, the enlargement of a cement factory for wind towers, and a factory for electrolyzers
- Establish a series of agricultural and nature conservation projects, including the recovery of olive trees, a beekeeping project, a birdlife research centre and micro-nature reserves, and a project to integrate people with disabilities in the agro-industry
- Develop a digital platform to optimise the logistics of companies in the agri-food sector
- Launch sustainable tourism initiatives, including extending a local spa and building a beekeeping museum
- Provide 337,650 hours of training for 1,300 participants, oriented towards renewables and organic farming
- Install renewable energy systems in 'energy communities' to supply 3,800 families in nine municipalities in the area.

The bid involves €1.5 billion of investment in renewables, and an additional €60 million in the social-economic plan. These investments will create a total of 380 direct and 5,994 indirect jobs in the area over six years. This compares with 300 jobs (including subcontractors) lost when the thermal power plant was closed. (See Table 1, next page.)

The direct jobs include those running the renewable energy projects, while the latter include employment created by the various supply chain commitments, new ventures and support of philanthropic initiatives. The bid commits EGPE to allocate at least 10% of these jobs to former coal workers, and 25% to women.

In announcing its successful bid, Endesa's General Manager for Sustainability, María Malaxechevarría, described the bid as "a comprehensive social-economic development plan with initiatives that cover the three productive sectors and that aim to promote the training and employment of the local population in the area."⁹ She added that the plan was more than three



Top: 60,000 olive trees are being recovered, creating employment and positive environmental impacts. Above: Endesa's Rural School of Sustainable Energy includes training in activities such as beekeeping (with AFAMMER).

years in the making, involving close engagement with local communities.

Inside Endesa's bid

Ramón White Martín, EGPE's Andorra Just Transition Project Director, says that the company was motivated to bid into the tender by its historic links to the region – it was the operator of the Teruel power plant and coal mine: "Endesa has been the most important economic agent in the region for the last 50 years," he says. At its peak, the company's coal mine employed 2,000 workers, and the power plant more than 400. "Our tax contribution was very relevant to the Andorra municipality budget," he adds.

9. Endesa (2022) *Endesa's future for Andorra will be renewable, industrial and social, with more than 6,300 jobs and local projects, with more than 30 entities, designed to be long-lasting*. Press release, 24 November.

Table 1. EGPE commitments under the Andorra tender

Direct jobs in construction and commissioning of generation facilities	59 full-time equivalents
Direct jobs during the operating phase of the generation facilities	321 full-time equivalents
Percentage of direct jobs to those made unemployed from the closure of the thermal power plant	10%
Percentage of direct jobs for unemployed women	25%
Indirect jobs linked to generation facilities and associated socioeconomic activities	5,944 full-time equivalents
Percentage of indirect jobs for unemployed women	30%
Hours of training received by unemployed people in the area	337,650 hours for 1,300 participants
Installed self-consumption power	3,063kW
Number of self-consumption beneficiaries	3,795 consumers
Investments in the local and provincial value chain	€1.54 billion

The bid also chimed with parent Enel’s longstanding commitment to a just transition. The company signed the [United Nations Summit Pledge Letter](#) on business commitment to a just transition and green, decent jobs in 2019. Enel has since published a comprehensive just transition commitment, making it the only company to meet all of the just transition criteria in the investor-led Climate Action 100+ net zero benchmark in 2024.¹⁰

It also played to Endesa’s strengths as a leading developer of renewables. “Participating in the tender was an opportunity to consolidate our position as one of the leaders in Spain in terms of green energy,” White says. “It also enabled us to continue contributing to and supporting Andorra’s economy, as we have been doing for the last five decades.”

There were three elements to the bid, says White. The first related to the technical design of EGPE’s proposed renewables projects, including their environmental impact, the second was its economics, and the third was its social-economic plan. This latter accounted for 55% of the bid’s score, he adds, making it crucial to the bid’s success.

“With such a big project, you cannot develop it if the local community doesn’t accept it,” White says, noting that the company undertook an extensive stakeholder consultation, in line with its Creating Shared Value model, which the company launched in 2015. That model is designed to help the company manage its relationships with communities where it operates, through consultation and consensus-building with those communities.¹¹



Sedés V solar photovoltaic farm, Andorra

To put the bid together, EGPE drew up agreements with more than 30 local and regional entities, including regional and local governments, businesses, technology centres and NGOs. These included commitments to procure goods and services, fund projects and create jobs. “These agreements made it possible for us to design a feasible and solid social plan, which included actions in all economic sectors,” White says.

For example, the bid commits EGPE to contract with Pretersa, a local cement company, to produce the bases of wind turbines, enabling it to expand its plant

10. Enel (2023) *Enel’s commitment and actions to accelerate a just transition 2023*. Rome: Enel; Climate Action 100+ (2024) *Net Zero Benchmark*. Web page.

11. Enel (2023) *Beyond Reporting 2023: Engaging communities*. Web page.

and diversify its business. EGPE is also working with a European company that recycles solar panels to establish a recycling plant in La Puebla de Híjar, a municipality close to Andorra. It is partnering with a Spanish NGO, Apadrina un Olivo, to recover 60,000 olive trees to produce olive oil in Oliete, creating employment and positive environmental impact. And it has also provided land within the power station footprint to a company developing a plant to process woodchips for bioenergy.

Of the 1,300-plus full-time positions that the social plan initiatives will create by 2029, 200 will be permanent, White says. Under the terms of the bid, those numbers will be audited by the ITJ. To indemnify this commitment, the company has been required to post €220 million as a warranty, in addition to its energy and social-economic investments.

Stakeholder responses

Trade union groups have proved supportive of the mechanism. The European trade union federation industriAll Europe recently praised the Andorra tender's consideration of the winning projects' contribution to employment, re-skilling, local investments and community energy. "This creates a positive exchange where companies that want to implement renewable energy projects must attach social conditionalities to them, improving the socio-economic benefits of the local population," it said.

Corinna Zierold, head of just transition coordination at industriAll in Brussels, believes tenders such as these should be "awarded to companies that respect the rights of trade unions for information and consultation and that have collective agreements in place". In June 2024, the European Trade Union Confederation passed a resolution stating that such social conditionalities should be required "for all forms of public funding and support to companies, as well as environmental and tax conditionalities".¹²

EGPE's projects are already having positive impacts on local communities. "We're in a village of 350 people, where we've managed to create nearly 50 jobs – for 50 young families now living in the village," says José Alfredo Martín, cofounder of Apadrina un Olivo. "We've succeeded in ensuring that the village's population doesn't decline, because, of course, every year a number of elderly residents pass away, and we're able to replace them with people of working age, which ... gives the village a future. So, it's not just about employment, but also the profound impact it has."

"Female and youth employment will increase because the level of entrepreneurship and the number of businesses in the sector will grow, thanks to the investment EGPE is making," says Juan Ciércoles, president of CEOE Teruel, the local employers' association. "There are far more opportunities now for youth and female employment compared to the previous phase."

EGPE is supporting Atadi, a non-profit association which supports people with special needs in Teruel. "Our goal is to promote the value of individuals through their work," says José Antonio Mora, its administrative director. "We want society to understand what it means to be a person with a disability – the limitations they might face but, above all, the capabilities they bring." Among other things, the funding is supporting the expansion of its activities into agricultural cultivation. "Participating in a local market, where you showcase and sell the produce you've cultivated, ultimately highlights the value of both the organisation and the individuals themselves."

Bid participants say that EGPE's team has been hands-on and supportive of their projects. "They want to know exactly how their money has been used, so they demand a level of management and control that we've always had, but now it's undoubtedly far more rigorous," says Alfredo Martín. "You have that moment of scrutiny once a month, but they're always in a mindset of helping and collaborating." He adds that the relationship with the company is "completely data-oriented ... It's very much 'Sure, whatever you want, but give me the numbers' – show me the indicators, KPIs, and so on."

Mora at Atadi describes the bidding process as "a fully collaborative design" and says he believes EGPE "have confidence in us ... even though they are closely monitoring everything we do". He adds that "I'm certain that if we encounter a problem tomorrow, they will be the first to lend us a hand."

Participants cite Endesa's long history in the region as an important factor in the success of their partnerships. The company "believes in the people who are part of the territory – the individuals, the businesses, the foundations," says Ciércoles. "Unfortunately, too often people are brought in from elsewhere, who have no connection to the area, who do a 'copy and paste', and it ends up being completely useless."

They also give the Spanish government credit for the design of the tenders. "The way they've drafted the tender documents to make this happen is crucial," says Alfredo Martín. "It's incredibly powerful that the ministry has the capacity to drive change simply by stipulating that 55% of the tender's evaluation will

12. ETUC (2024) *Industrial policy for quality jobs: Social conditionalities for social progress*. Brussels: ETUC.

depend on the social-economic project. This places the social-economic plan at the heart of the proposal.”

Inevitably, not everything went entirely smoothly. Some participants said that some of the wording in the tender was ambiguous, and the whole process was conducted at speed. “The problem is that there’s been too little time to develop [the proposal] with sufficient guarantees,” says Mora. “My impression is that everything moved very quickly during the preparation phase ... I understand that sometimes things need to be done quickly ... but it would have been better with more preparation time.”

The potential of tenders

Participants in the tender process point to several lessons learned and the potential offered by the mechanism, around financing, regulatory alignment and sequencing.

1. Financing

The tender process, as developed by ITJ, has wider application, especially for governments with limited financial resources. “The beauty of this instrument is that it doesn’t impose costs for the government,” says Bejarano at the ITJ, aside from the time required to design and implement tender programmes. It is also market-orientated, in that the social-economic costs involved are absorbed in the overall costs of the renewable energy projects, which themselves operate in competitive power markets. “That means it is a potentially universal instrument” to promote the just transition, he adds.

2. Regulatory alignment

The tender process combines social considerations with energy regulation, which has proved challenging, participants say. “The biggest challenge is merging energy regulation, which is extremely complex, with social-economic considerations. It required us to think outside the box in regulatory terms,” says Bejarano.

For example, he adds that defining the social-economic indicators in ways that are legally robust and easily verifiable with available resources can be very complex. “It was a great idea to introduce ‘energy communities’, but how do we define energy communities? How do we get business to comply with this afterwards?” he says.

Some project participants would also have liked more time – and funding – to prepare their bids. “It would have been fantastic if someone from Endesa had come to us a year and a half before they submitted the tender and said: ‘Look, we need to develop a social project, and we’ll fund one or two people to work on maturing that project’,” says Mora.

3. Sequencing

Sequencing just transition interventions is key so that negative impacts are anticipated in advance. Ciércoles at CEOE Teruel notes that the tender itself has come too late for many of the workers who lost their jobs at the power plant. “The timings need to align ... We can’t shut down one thing without having the next ready,” he says. “That’s the lesson we’ve learned from this.” He cites delays in bringing the tender forward that led to “the situation where people who lived and worked in the area – in that company, in that thermal power plant – had to seek opportunities elsewhere and now no longer have the chance to return to this region.” However, participants note that, while the support could have been provided earlier, the tender has nonetheless provided valuable stimulus to the local economy.

4. Refining the process

The ITJ has used the experience gained from the first tender to refine the tender process. Bejarano says that, for the next round of tenders, ITJ has further reinforced the criteria on which bids will be judged. For example, it has established quantitative indicators for every assessment criteria, including social-economic, environmental and technical aspects. This will simplify the evaluation of future applications and will help verify that winners’ commitments, in terms of job creation or environmental contributions, are implemented.

From EGPE’s point of view, there were a couple of areas where the process could be improved, White says. “One is how the administration provides the tools so that the winner of a public tender can fulfil its commitment. Other developers should not be permitted to develop renewable energy projects which could make the construction of those awarded under the tender unviable. This is elementary,” he says.

He also argues that an emphasis on job creation in constructing the renewable energy projects is in conflict with the need for developers to focus on efficiency. “Does it make sense to consider, when evaluating the bid, the number of jobs that will be created during construction? I don’t think so,” he says, but he notes that the ITJ has introduced some changes to the tender design. For example, it no longer considers the creation of construction-stage jobs in the evaluation criteria.

Certainly, ITJ sees potential for further tenders. As well as the next four, which are already in process, “further tenders could be launched as technical conditions allows,” says Bejarano.

Lessons learned: observations from Nick Robins, Executive Director of the Just Transition Finance Lab



Spain's just transition tender programme is an innovative approach to mobilising finance for social outcomes linked to the phase-out of coal and expansion of renewables. The tender uses a regulatory mechanism to channel private sector funding into specified just transition activities. It thus moves just transition from the realm of corporate social responsibility to one of social conditionalities.

This principle of linking social outcomes to a government-run economic mechanism clearly has broader applicability. It need not necessarily be tied to coal phase-out situations alone but could be used more broadly in the expansion of renewables and grids across the world. For example, it could be combined with contracts-for-difference or other renewable energy support programmes: indeed, Germany's Carbon Contracts for Difference programme requires applicants to commit to collective agreements and detail employment created.

The experience in Andorra also highlights the importance of sequencing just transition support. It remains an ongoing challenge in just transition processes around the world to ensure that support is provided for workers when they need it most.

For investors and other financial institutions, Spain's Just Transition Tenders offer a model which they could support in their engagement with business and policymakers.



Photo: Chris Watt Photography

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