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Energy for a just and green recovery deal: the role of the industrial relations in the energy sector for a resilient Europe

BELGIUM – CASE STUDY 3

EMMA1¹: ONE HUNDRED YEARS OF ENERGETICAL TRANSITION



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¹ The company name has been anonymized

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TABLE OF CONTENTS

A. CONTEXT	4
B. CHANGES RESULTING FROM THE ENERGY TRANSITIONAL PATH	6
C. MANAGEMENT OF THE ENERGY TRANSITIONAL PATH	10
D. INDUSTRIAL RELATIONS RELEVANT TO THE CASE	12
E. CONCLUSION: INTER-MUNICIPALISATION, BOTH THE DRIVING FORCE AND THE ACHILLES HEEL OF THE ENERGY TRANSITION STRATEGY.	14

A. CONTEXT

1. EMMA, a century-old company

EMMA is a public company that distributes energy in a part of Belgium and is also responsible for connections, maintenance and repairs, as well as customer service.

The history of EMMA goes back a hundred years, when the Company was formed as an association of local authorities for public utility purposes. This initiative came about following the First World War, when Belgium was trying to rebuild after four devastating years of occupation. To do this, it developed new models designed to be fairer, more peaceful and more socially progressive. The idea of the common good, the community and public service became “issues of modernity”.

Although the Belgian population was still using paraffin lamps until the dawn of the Second World War, there was a great deal of work to be done to transform energy practices. The Association Luxberse d'Electricité therefore set itself some initial objectives that were to become the basis of its identity and the association's roadmap. Firstly, to connect residential and business users to the grid and offer them a quality service. The second objective is to make the former accessible at reasonable prices. Finally, the third objective is to maintain the operation of the intermunicipal association while ensuring that it has a prosperous foundation in order to safeguard its interests as a public authority.

This has been the story of EMMA right up to the present day. It only adopted this name definitively after 2007, when it became a subsidiary of X, itself a subsidiary of the main shareholder Eno.

In May 2018, following a resounding scandal concerning the management of its parent company X, EMMA became a direct subsidiary of Eno. It took on the legal form of an intercommunal company, a public enterprise created for an association of municipalities with the aim of carrying out various tasks in connection with the public service and in the interests of the municipalities concerned.

In June 2018, EMMA's General Meeting decided to establish a new Board of Directors. This decision led the Intercommunal to transform itself. It is renamed “EMMA GRD”, with a majority of the shares held by a new financial holding company called “EMMA Holding”. At the same time, the General Meeting approved the creation of a new subsidiary called “Transenergie”, with the objective of developing activities related to the energy transition. The need to create this subsidiary stems from EMMA's status. As a “Distribution System Operator” (DSO), it operates in a market subject to regulation by the Commission de Régulation de l'Electricité et du Gaz (CREG), which oversees the setting of prices and the types of activities carried out. As most of the energy transition initiatives envisaged by EMMA were rejected by the CREG because they did not fall within the scope of activities authorised on this market, the intermunicipal company decided to create Transenergie.

EMMA's initial missions have expanded over the decades, as have the values it promotes, which today are: “Proximity, Fairness, Responsibility, Reliability”. (EMMA Strategic Plan, 2023-2025, p.16).

In 2021, EMMA will have 951 employees, 14,157 km of electricity network and 4,159 km of gas network, as well as 135,500 public lighting points. (EMMA Strategic Plan, 2023-2025, p.17)

2. Thinking 100 years of energy: towards an ecological and responsible transition.

Thinking about the ecological transition and the future of the energy sector means above all positioning ourselves as a player in the face of the crisis. Since 2020, the war in Ukraine, the COVID crisis and drastic price inflation in Europe have made both society and businesses more fragile. New societal challenges are emerging, at the heart of which is the need to guarantee clean, safe, sustainable energy at an affordable cost. As a result, both Europe and Belgium are “accelerating the energy transition”. (EMMA Strategic Plan 2023-2025, p. 22)

In this context, EMMA sees an “opportunity”: while taking into account the new budgetary and consumption requirements of this changing society, it is thinking of “questioning consumption patterns and pushing Belgian citizens and businesses who can towards a form of energy independence thanks to renewable energy and energy efficiency measures” and putting in place new practices and uses as part of its ongoing development and networks (Strategic Plan 2023-2025, p.8). In fact, EMMA is a key player in this crisis and a potential response to it. In fact, its distribution networks can be described as the “backbone” of this entire transition strategy in the face of the climate crisis.

Looking ahead to 2030 to 2050, EMMA is trying to anticipate the phenomenon in order to limit a range of social, economic and environmental impacts. As well as adapting its networks to meet growing needs, new projects are being undertaken. These include improving the synchronisation of its gas-electricity networks, developing wind farms and researching and developing production via hydrogen and biomethane.

Since its 2020 strategic plan, EMMA has prioritised its medium- and long-term challenges and objectives:



Figure 1: EMMA's key challenges (EMMA Strategic Plan 2020-2022, p.24)

Although the issue of energy transition does not appear in this prioritisation *stricto sensu*, analysis of the strategic plans shows that it is a cross-cutting issue. According to EMMA's management, the real issue of transition has been driven above all by public authorities and by a form of awareness linked to the current context in the energy sector.

In order to carry out this case study on EMMA's energy transition, we conducted a series of interviews between October 2023 and January 2024 with various members of EMMA's management and trade union members. We also cross-referenced the information gathered with documentation from the company.

B. CHANGES RESULTING FROM THE ENERGY TRANSITIONAL PATH

Change/s of the energy technology in transition concerning the position within the value chain

As mentioned in the introduction, the public company EMMA has launched a number of energy transition projects.

1. Developing the gas and electricity network

Firstly, EMMA wants to make its electricity network more efficient and accessible to the 54 municipalities it serves. The company is seeing demand and needs increase drastically as a result of changes in customer consumption and usage. With this in mind, the existing network is being upgraded to make it more resilient. For example, electrical relay “cabins” are being placed more regularly on the network. High-voltage electricity networks are being laid further underground to improve network transmission quality in the most rural areas, etc. EMMA's objective is to offer an average power of 6.66 kVA per customer and to reduce the number of network failures. (EMMA Strategic Plan 2023-2025, p.23; EMMA Strategic Plan 2020-2022, p.34)

In parallel with the development of this electricity network, the gas network is being questioned by the company. Although EMMA is not abandoning gas (58 communes will be served by gas in 2019), the company is making a form of transition to adapt to European directives (see below), as well as encouraging its customers to “decarbonise” by switching from gas to electricity. As a result, the general strategy focuses on “renewing” the network to maintain its high level of security, rather than expanding it.

2. Towards new, greener energies

In addition to these two main energy sources, EMMA has a number of projects underway on the transition to other types of energy. EMMA has set up an “innovation unit” to look at two areas of work: the transformation of its core business with the development of the smart grid and, secondly, the emergence of new business lines brought about by the sectoral context (EMMA Strategic Plan 2020-2022, p.37). Although the direct theme of these working groups is not the energy transition, it is, in fact, addressed across the board in most of these discussions.

In its electricity department, EMMA is transforming its public infrastructures by coupling new LED lighting with new IoT (Internet of Things) technology, which will enable it to manage lighting intelligently, taking into account traffic, pollution, weather, brightness, etc. (EMMA 2020-2022 Strategic Plan, p.39).

In its gas department, a major project involves transporting new types of gas through its pipelines: biomethane, hydrogen and natural gas. In the first two cases, EMMA's management is still uncertain about the future of this type of energy, which represents a human and financial investment, but which, according to their 2023-2025 strategic plan, will not prevent them from investing for the next decade. “The project involves injecting methane into the pipes from the fermentation of organic waste or agricultural by-products” or “recovering carbon dioxide from the fumes of lime or cement plants, with added hydrogen” . In fact, EMMA is planning a biomethanisation unit at a biogas plant in a village.

The aim of this project is to supply so-called “white” areas, which are too far from the main networks, and to significantly reduce CO2 production. (EMMA Strategic Plan 2020-2022, p.33).

EMMA has put the average cost of its energy transition at €1,800 per customer. “EMMA wishes to multiply these initiatives and thus include its infrastructures, particularly gas, in the energy transition” (EMMA Strategic Plan 2023-2025, p.23; EMMA Strategic Plan 2020-2022, p.33). However, the company’s management regrets that in Wallonia there are few large-scale calls for projects for the public authorities to participate in financing this type of development.

In addition, through its subsidiary Transenergie, EMMA is relying more and more on private and public collaboration. In fact, EMMA needs to buy energy from Belgium at a competitive price in order to maintain its social tariffs for its customers. With this in mind, a partnership has been set up with landowners. The aim of developing this private land is to meet the high demand for electricity at a reasonable cost by equipping itself with its own means of production, as shown by the example of the refurbishment of the former pigsty in Brèves to install a park of more than 2,000 photovoltaic panels . For EMMA, “*the aim is to reduce its carbon footprint and increase its independence from commercial suppliers as part of its own electricity supply*”. This would be EMMA’s first 100% green production unit.

Changes resulting from the transition (specify if previous, ongoing, foreseen, other) as per:

1. Work organisation

The energy transition at EMMA is generating significant changes in various professions. Since 2019, the company has been working on job descriptions in anticipation of the transition and the challenges of reassigning employees’ skills. Some workers, particularly IT specialists, are seeing an expansion of their activities, moving towards increased specialisation. In most cases, however, the organisation of work is tending towards greater versatility. This transition is particularly noticeable in the gas division, where investment is now restricted and a growing number of workers will gradually be called upon to shift to electrical activities.

In the electricity sector, multi-skilling is proving to be an effective response to the general increase in workload. It is also a solution for professions directly affected by the energy transition, such as indexers , who are seeing their profession gradually disappear as their activity is fully automated. This is also the case for professionals working on public lighting, who are seeing a reduction in their workload thanks to the adoption of LED lamps, which require less maintenance.

Alongside these initial effects, a third impact is emerging, linked to subcontracting. Historically, EMMA has regularly outsourced various services such as IT and network maintenance. This practice is tacitly accepted by the social partners for jobs that do not constitute EMMA’s core business, responding to an immediate need to complete development projects and to relieve the occasional work overload in the field. However, over the last few years, EMMA has endeavoured to reverse this trend by undertaking a major recruitment policy.

2. Working Conditions

The energy transition at EMMA has a direct impact on the working conditions of its employees. One of the main challenges at EMMA is in the area of training and internal mobility. The company has therefore taken the initiative of making major investments to extend its training resources and capacities, with the aim of meeting the new needs

for versatility linked to changes in professions and networks (energy, technologies, etc.). By increasing the resources of its training centre, EMMA is also pursuing an additional strategic objective: to open up its centre to other workers from other companies. In this way, EMMA is positioning itself as a key player in training for the energy transition in the province of Luxberse, by establishing partnerships with the town of Luxberse¹ and other companies to train for future jobs in the sector (see the EVE project below).

Another crucial issue in the energy transition concerns well-being in the workplace. Although multi-skilling is generally well received by employees, synonymous with the diversification and revitalisation of their professions, it also raises concerns, particularly on the part of employees and trade unions, because of its flexible nature. The reservations stem mainly from the fear of a possible work overload (alternating between gas and electricity networks) and a deterioration in workers' working conditions. With this in mind, the issue of health and safety in the workplace is the subject of regular discussions with the unions to ensure the sustainability of this essential aspect.

3. Labour Market

EMMA has decided to invest in these IT tools in order to boost the development and performance of its networks (EMMA Strategic Plan, 2020-2022, p.39). In the same vein, one of EMMA's most important projects is Smart-meters, which involves the deployment of this service. The involvement of new technologies in EMMA's development and energy transition process requires recruitment and an increase in the power of certain operational departments which, until now, have been more on the back foot. This is particularly true of the IT department. Until a few years ago, this department operated mainly through outsourcing. Since then, the trend has largely reversed, with several dozen new hires. With the IT labour market under pressure, the company is offering these new recruits executive status, which means that their income will be higher on the company's salary scale.

In addition, this recruitment of a large number of new workers helps to offset the company's inverted age pyramid. For several years, EMMA has imposed a recruitment freeze, which has led to a high average age among its workforce. Although EMMA has undertaken this new recruitment policy, it is not enough. This inverted pyramid brings with it a whole series of HR issues such as the transmission of knowledge and skills, work-related illnesses and the operability of network missions, among others.

The significant number of workers employed, combined with the current recruitment policy, positions EMMA as a key player in the employment market in the province of Luxberse.

4. Sectoral level along the value chain/territorial regional level public policies and just transition

Following the scandal at its parent company in 2019, in-depth reflection on the company's structure has enabled EMMA to implement its human resources management policy, direct investment towards innovation and improving its network, while committing to a sector dynamic. The sector plays a crucial role as a forum for convergence and information, particularly with regard to the energy transition.

EMMA has firmly established its position there, thanks in particular to the TWEED project, which integrates it into a

¹ The name of the town is fictitious for anonymisation purposes

vast network of players sharing the overall objective of defining the future of the sector, discussing new legislation and implementing sectoral projects (EMMA Strategic Plan, 2023-2025, p.24). The dialogues between EMMA and the other players in the sector, such as FLUX, FLEUVE, ORACLE and SIBELGA, are considered beneficial by management and the unions. As a public company, EMMA is not in direct competition with private-sector companies, thus promoting harmonious collaboration.

Sector contacts continue with the SYNERGRID employers' federation, which brings together the nine electricity and gas network operators in Belgium. This organisation promotes sustainable development by encouraging renewable energies. SYNERGRID is committed to the energy transition, offering opportunities for discussions and meetings to address all the issues associated with this transition.

EMMA also maintains close links with public bodies, given its status as a public company subject to several supervisory bodies. These include the inter-municipal supervisory body, the regional energy regulator, which exercises control over tariffs and activities, and the Ministry of Ecology, which supports various projects and issues decrees, such as "AIR Climat". The latter proposes a number of regional objectives linked to ecology and the energy transition, such as climate change, decarbonisation and air quality.

However, the restrictive framework of the supervisory authorities, with their strict regulations, calls into question the limits of the company's action and constitutes one of the main obstacles in EMMA's energy transition development policy, which is why the company has created its new subsidiary "Transenergie" (see above).

C. MANAGEMENT OF THE ENERGY TRANSITIONAL PATH

1. The process and control of the energy transition

The transition process depends on three key factors: European regulations, the company's tutors and the context of the sector.

First of all, it was European initiatives that framed the first debates on the subject. In 2018, the European Commission drew up the first directives on energy efficiency, obliging all "members of the European Union to propose energy targets and put in place integrated national energy and climate plans"² for a period up to 2030. As mentioned above, the supervisory authorities and the regulator are relaying these European decisions by setting their own energy transition targets. Lastly, the sector's external context drives all its decisions (political, economic, social, technological, ecological and legislative).

Once the process has begun, the Board of Directors, management and all those in charge take charge of the issues in order to keep the unions informed. The unions follow the transition process as closely as possible, particularly the organisational changes brought about by the transition (less present at the technical level). The energy transition strategy is a top-down one, with management adopting an educational stance in an attempt to gradually raise awareness among all employees. It should be noted, however, that questions about the energy transition remain relatively timid in discussions between unions and management, and for the time being remain a cross-cutting issue, as this transition is currently manifesting itself in relatively few concrete effects on the ground?

As regards monitoring this transition process, there are various tools capable of providing indicators. On the one hand, a Management Committee is responsible for monitoring the technical indicators, which are directly quantifiable through the number of smart meter installations, network efficiency, the number of network interruptions when photovoltaic panels produce too much energy, and so on. On the other hand, on the human side, monitoring is more incremental, with the unions kept informed on the basis of quarterly official information, but above all they are in daily contact with management and employees to ensure progress on the various issues.

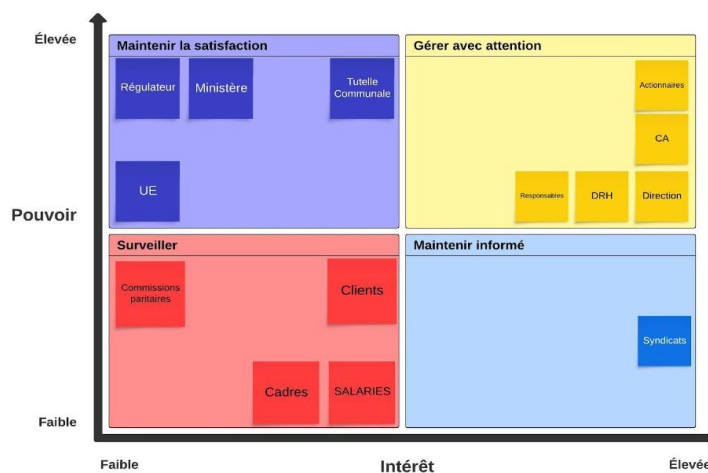


Figure 5: EMMA stakeholders

2 Règlement UE 2018/1999 [https://www.europarl.europa.eu/factsheets/fr/sheet/69/efficacite-energetique#:~:text=Conform%C3%A9ment%20au%20r%C3%A8glement%20\(UE\)%202018,pour%20la%20p%C3%A9riode%202021%2D2030.](https://www.europarl.europa.eu/factsheets/fr/sheet/69/efficacite-energetique#:~:text=Conform%C3%A9ment%20au%20r%C3%A8glement%20(UE)%202018,pour%20la%20p%C3%A9riode%202021%2D2030.) (consulted on 31/01/24)

A stakeholder analysis highlights the diversity of the players involved in the energy transition. Each with different interests, expectations and levels of influence. Taking these stakeholders into account is essential if we are to devise effective strategies for managing risks, mobilising resources, developing communication around the transition process and building consensus around the project.

For the parties with the greatest power, i.e. government bodies, EMMA must maintain their level of satisfaction and requirements. This satisfaction is due to the company's intermunicipal status, which requires it to meet a series of legal and social demands. These parties establish the broad outlines of the various projects, but are not fully integrated into them. Monitoring is remote but demanding.

The most influential and interested stakeholders include the company's management, shareholders and board members. The success of the energy transition project involves considerable financial and human stakes. Ultimately, the aim of this transition is to ensure the long-term future of the company. The Board of Directors and management are in the front line when it comes to managing energy transition projects in the short and medium term. The stakeholder with little power but a major interest is the trade union. The company has no legal obligation to consult the trade unions, particularly at the start of the project. However, their involvement is necessary at a later stage to discuss employment issues and changes. Keeping them informed throughout the transition is to the initiators' advantage if the transition work is to be carried out smoothly and successfully.

Finally, stakeholders with little influence or interest are peripheral players who need to be monitored and communicated more widely about projects, without having to ask for their opinion during the project.

D. INDUSTRIAL RELATIONS RELEVANT TO THE CASE

The vast majority of social dialogue on the energy transition takes place internally within the company, between management and the trade unions.

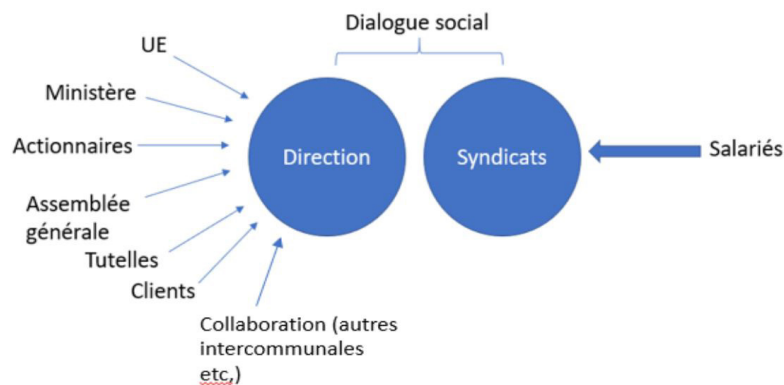


Figure 6: Social dialogue at EMMA

Before 2019 and its organisational transformation, dialogue at EMMA was limited and mainly conflictual. Since then, the social dynamic has been completely transformed and is now based on regular social dialogue, characterised by a high level of mutual trust.

Employee representatives are regularly informed of the progress of the various projects and are involved in EMMA's change process. On certain points, they may even be consulted. This is the case with the COCOON project, which refers to the project to move and bring together EMMA's premises in the centre of the town of Luxberse. As part of this process, they were consulted on various points to ensure that the project was better adapted to employees' needs and that the transition was managed proactively and smartly. A project more closely linked to the energy transition is the EVE project, to be launched in 2022. The unions are being consulted on this project, which plans to overhaul the processes specific to the operations business lines to achieve "greater operational efficiency" (EMMA Annual Activity Report, 2022, p.7).

In addition to large-scale projects, the unions are involved in day-to-day issues such as teleworking, home-work organisation with the company car, training, daily work, multi-skilling and work reorganisation. To make work on employment issues even more fluid, working groups have been set up to provide a free forum for discussion and consultation, so that more effective progress can be made on these issues before the official negotiations. It is in these bodies that issues relating to the energy transition are discussed. According to all the social partners we met, this formal-informal negotiating framework seems to be bearing fruit.

On the union side, although there are no specific demands on the energy transition, their questions are more focused on the disappearance of certain professions and the emergence of a form of multi-skilling. Management and the unions are working together to find effective ways of dealing with these problems. Without going so far as to talk about an agreement or GPEC, plans are being put in place to ensure that the structure adapts smoothly to the changes underway.

It should be noted that EMMA's trade unions regularly exchange views with the neighbouring company ORACLE³ (Brabant-Wallon's public DSO) in order to become aware of their own issues and to reflect on their own approach to the company's changes.

1. Position of the social partners

The social partners are in relative agreement with management and seem to be moving in the same direction on the issue of energy transition. The main concern remains the issue of multi-skilling, with the disappearance of certain jobs that will be obsolete in the future.

INFORMATION	CONSULTATION	NEGOTIATION
Fluid information. EMMA tries to maintain as close an information link as possible with the trade unions	The unions are regularly consulted on projects (employment, skills transition, technology, health and safety at work, etc.) without any particular difficulty. Working groups are active and dynamic	No agreement Tacit approach

³ for the purposes of anonymization, this name has been modified

E. CONCLUSION: INTER-MUNICIPALISATION, BOTH THE DRIVING FORCE AND THE ACHILLES HEEL OF THE ENERGY TRANSITION STRATEGY.

EMMA, the intermunicipal company responsible for transporting electricity and gas in several Walloon municipalities, is undertaking an energy transition driven by a number of pressures. Firstly, changes in customer behaviour, marked by a relative shift away from the gas network towards increased use of green electricity, are calling into question its current operating methods. Secondly, the European regulatory framework, relayed by the various levels of government in Belgium, is encouraging the organisation to speed up its energy transition. However, the fact that EMMA belongs to a regulated market is a significant obstacle to the development of this transition, which is why a new subsidiary has been created specifically to deal with these issues.

At present, the energy transition is leading to a gradual change in the way the company operates. This transformation is leading to the introduction of an HR policy focused primarily on versatility, the mobility of workers between departments and the issue of safety and well-being at work.

Since the company was restructured in 2019, social dialogue at EMMA has improved considerably. The unions and management now work closely together on all the company's organisational issues, including those linked to the energy transition. Although this transition is not explicitly the subject of social dialogue, it transcends the various issues discussed by the social partners. The quality of the social dialogue, combined with the still relatively limited impact of this transition, enables EMMA to address the issue calmly within the social dialogue bodies.

Recommendations:

A number of recommendations can be made along three central lines:

1. Strengthening, formalising and stimulating dialogue on the ecological transition

It has been observed that the subject of ecological transition is not explicitly the subject of social discussions; it is more a background to various subjects. However, EMMA takes care to provide information on a regular basis on the subject and on the issues surrounding this transition. In fact, the challenge is to formalise the ecological transition in social dialogue. Through committees or groups specifically dedicated to the energy transition and social dialogue.

The second challenge also concerns the creation of agreements. These agreements could include operational details, formalise dedicated working groups, implementation deadlines, responsibilities and monitoring procedures via specific KPI's and a progress dashboard. It is possible to include specific clauses on the ecological transition or to develop environmental charters formalising EMMA's internal policies and commitments.

2. Human resources management for the ecological transition

EMMA must undeniably continue to develop its versatility and mobility. Such development will make it possible to respond to the needs of change in the organisation and facilitate future adaptations. This human resources policy could go as far as encouraging and funding employee participation in sustainability and environmental management certifications or employee involvement in cross-functional projects.

This means greater investment in training, with specific programmes to develop skills and mobility in green technologies, energy management and sustainable practices. The ecological transition cannot be achieved without particular attention to this point. In addition, the players involved will have to pay extra attention to employees' well-being at work as part of this transition. Regular safety and wellbeing audits can be included at the heart of programmes to monitor the transition, in order to continue to ensure employee retention.

These elements can again be included in a specific agreement on ecological transition or in a provisional skills management programme.

3. Working together to move towards the ecological transition

As an inter-municipal company, EMMA has to operate differently to a private company in order to find funding resources, and in particular to seek more collaboration with the public authorities, which is still too lacking. It would be interesting for the two parties to energise each other. Strengthen relations with regulators and political decision-makers to build the future and the path of transition and obtain specific support for the ecological transition. It would seem that there is still unexplored power in these relationships to literally develop this transition. We can go beyond public authorities by creating closer partnerships with NGOs and universities to obtain advice, networks and external audits on good practice in ecological change.



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