

ManagEnergy Reflection Group 15th Meeting

May 31th – June 1st, 2007

Berlin Energy Agency, Französische Str. 23, 10117 Berlin

Summary Minutes

Thursday May 31 (09.00 – 18.00) and Friday 1 June (0.900 – 15.00)

Present: Messrs R. Goldmann, Chairman, BEA (D); G. Wisniewski, EC BREC/IEO (PL, Vice-Chairman; A. Ahtiainen NAFEA (SF), ms. K. Bähr, BEA, R. Doubrava, ECB (SK), P. Koegler (CEMR), ms. V. Krmelj, SEA (Si), A. Vabamägi REC (EE), Z. Winkels, DEA/NLeA (NL), S. Zabot RENAEL (I); C. Anglesio (ME support team), R. Bailey (EC DG TREN, unit D3)

1. Minutes from last meeting

After words of welcome from the chairman, Ralf Goldmann, hosting the meeting, the minutes from the last meeting were agreed. It was regretted that the relatively low attendance (eight MS and one EU network represented) had in part been caused by the fact that there had been no alternative failing cancellation, which had not been judged to be the better option, but to put the meetin back from 3 May as originally scheduled to today because of a change in the dates of the Berlin Energy Days. The Chairman regretted this once again but the circumstances had obviously been beyond either his own of the BEA's control.

Mr Geißler, Managing Director of the Berlin agency and Secretary General of Fedarene, left apologies due to a journey to New York with a Berlin senator in connection with the C40 (Clinton Climate Initiative) with commitments by London (chairing the C40), Athens, Berlin, Madrid, Paris, Rome, Warsaw, and major third country cities, and commitments by several major banks at this stage, for financing sustainable building investments with performance contracting and pooled procurement, including municipal projects, amounting to (updated) € 11 billion) (For updated state of play see <http://www.c40cities.org/cities/>)

2. News from the Commission (RAB)

(Update on state of play for EU energy efficiency legislation in course of implementation (EPBD – ESD (national energy efficiency reports, June...) – EcoDesign –)

Chiara Anglesio of the ManagEnergy management consortium (SOGES, Brussels) was introduced and presented the new ManagEnergy 'Sectoral Advice Facility' to the group (updated in detail at <http://www.managenergy.net/sa.html>) . It was confirmed that this free-of-charge to users service would be available not only to local agencies, whether originally 'SAVE'-supported or not, but to non-agency local actors wherever found to be eligible. However applicants would have to be 'approved' ME users: see <http://www.managenergy.net/sa.html> (§4)

The eligibility of each request for this short-term expert support would be decided case-by-case by the Commission on the basis of the standard application form. A prompt decision (within maximum one month in case of need for further clarifications) on every request would be made, also as the Commission was concerned to see optimal use made of this means of support to agencies, including newly created ones, both to lend them additional assistance in that process, and to facilitate their involvement in relevant and promising projects.

Among many other clarifications it was recalled that a further new facility in the shape of training opportunities for agencies would be organised separately, in the form of group sessions for

Directors and/or staff, both in Brussels and other places, perhaps especially in new Member States and geographically convenient regional centres. The usual ManagEnergy stand would be present at the January 2008 EUSEW II (nb: ME Annual Conference: 30 (31?) January) but also a more targeted 'Help Desk' facility would be organised throughout the week.

Another new feature would be sectoral information kits to be made available as from September (<http://www.managenergy.net/sik.html> : initially in the buildings and education sectors).

3. Cooperation with EnR and AER (Assembly of European Regions)

Members of the MERG had been invited to attend the recent EnR workshop but it was regretted that the notice had been insufficient. Contact would be maintained through the current presiding organisation, Energy Saving Trust (UK) (nb contact for EnR matters, 2007: nick.eyre@est.org.uk and informally no doubt UK MERG member Ian Byrne).

It was decided, following the discussion at the previous (14th) meeting to invite a representative of AER to the next meeting (in Brussels), especially as this body representing regions has now set up an energy and energy efficiency working group.

4. State of play on possible future legislation for the markets for Heating and Cooling

RAB gave an updated outline presentation on this matter (attached), having been briefed by unit D1. A substantial discussion ensued including on the basis of the European Parliament report, perceived national priorities, and the positions hitherto of the various sector organisations, but including the apparent lack of interest from industry. The group also heard a range of considerations relating to energy sourcing for district heating, the difficulties facing expansion of CHP, and the dangers for rapid penetration of Renewables posed by certain choices dictated by short-term profitability considerations. Examples ranged from the prospect of an 800 MW coal-fired plant for Berlin (combined cycle/'clean coal'?) to the encouraging example of the port of Ghent where, among other sustainable initiatives and projects, a biomass/coal generation ratio of 10:90 was in the process of being reversed over less than five years. (see http://www.gbev.org/news_0003.htm)

G. Wisniewski reminded the group of MEP Mechthild Rothe's comment at the EUSEW 2007 event to the effect that it was uncertain that she would be reporting on any future Heating and Cooling Directive, since (she stated) there was no support for doing this from the Parliament, precisely because there was none from industry itself. But he added that in his view above all installers and the like were key in this area as the most influential constituency, especially as regards the choice of bio and at the smaller scale, (thermal) solar installations, for water heating and assisted cooling. The Chairman agreed that the constituency was very broad and composed largely of SMEs which (cf the presentations by SME organisations such as Eurochambres, i.a. at the ME annual conference 2007) brought the well-known resistances and negative priorities. However it was perfectly possible to engage them, as in the case of the European federation of electrical installers' associations, where exchanges had already taken place on standardisation themes, ESCOs and so on. Rolf Goldmann further pointed up the importance of (performance) contracting, especially in the case of boilers, without which it would be impossible to induce smaller customers (especially the huge independent household sector) to change inefficient gear early. Maintenance contracts for, say, 10 years, on the basis of a new installation (typically HR condensing boilers with continuous electronic regulation subsidised and/or eligible for tax breaks) would make it in the interest of both the equipment manufacturers and installers to make such contracts. The group's attention was drawn to a project lead by EVE (Basque energy agency) including CHP which uses this approach and should be a 'good practice' example for replication. As regards cooling, there was much ongoing experience in Berlin (e.g. Potsdammer Platz - district cooling) which was showing that the main barrier in this case is the difficulty of cost-effective refrigeration input.

5. Reactions to Energy Services Directive – G. Wardell (video link), AIEA (IRL), and Vlasta Krmelj (Slovene agencies representative)

A *tour de table* was held, with valuable input from the two above-mentioned members, centring around what features of the ESD and the resulting obligations in Member States were seen as having important implications at the local level. This centred on funding (Art. 11) including for auditing services, intelligent/distant metering, informative billing, and energy savings financing. The facultative basis 'MS *may establish* (energy efficiency funds)' was a reason for preoccupation, pending analysis by the Commission of the national EE reports due in June (nb up to date situation: http://ec.europa.eu/energy/demand/legislation/end_use_en.htm#efficiency)

To a complaint that the group had not been consulted on measures which directly imingte on local energy actors, the Commission referred to the mandatory public consultation preceding adoption of legislation.

(list: http://ec.europa.eu/dgs/energy_transport/home/consultation/energy_en.htm)

G. Wardell expressed the hope that everything possible would be done to avoid the inevitably controversial and difficult processes at governmental level around the component national targets within the three '20% in 2020' Eu targets endorsed in the March 'package' – especially the Renewables target – putting a brake on the general rise in concern and sense of priority for sustainable energy issues (witness the C40 initiative and its rapid expansion including as regards financing by performance contracting) being experienced at local level.

The Chairman wished to know the group's views on how the MERG might most usefully react and contribute at this stage, but it was agreed that local actors should react in the first place to the forthcoming national EE Action Plans. (following point).

6. Role of Local and regional actors within the National Energy Efficiency Action Plan

Informal information on progress on the NEEAPs (Art. 14 of the ESD) was received from several members, but in practice it was expected that many more reports would be received either in final form or as drafts (in some cases subject to amendment following ongoing public consultations, as in France) by the time of the next MERG meeting in the autumn. The reports and/or communications on timing thereof from Member States' authorities are publicly available (link as above), but the Commission pointed out that assesment would, in the normal way, be carried out only after all were duly received. There would be an announcement on the subject during the January 2008 'EUSEW', at the appropriate juncture.

The challenges confronting concertation on the plans between the central and regional levels, often resulting in difficulties as regards input from the local level were described in detail by several members, the Chairman pointing out the especial challenge faced by Germany, with the combined work of the 2007 German Presidency of both EU and G8, and in the sustainable energy area alone, transposition of the EPBD, CHPD, ESD...: nevertheless, studies and consultations/relevant workshops were being organised. Certain informal drafts might also be forthcoming shortly regarding various CEMR member countries, purely for discussion purposes, as the group was advised by the latter's representative, Pim Koegler.

Roman Doubrava (past Chairman) suggested that if at the assesment stage it were to be found that the local and regional level in a given MS had not been adequately involved, and/or sufficient account taken of its needs and capacities by central authorities, then the Commission might ask for due revision of a national report with inclusion of adequate evidence to this effect.

The major bottleneck was seen to be inter-ministerial consultation processes, on which local actors usually have no influence; however, in many smaller MS, only one or a few civil servants were responsible for this policy area, and the experts upon whom they have to rely for technical input are often in practice very well known to local actors such as agencies and relevant associations.

The chairman concluded that in each Member State, the relevant national associations or comparable bodies should of their own accord submit a paper (centring around the national action plan and other aspects of the ESD) to the respective central authorities, to point up their particular concerns in these areas, and with examples of what steps the local level can itself take to advance the aims and work towards the targets of the MS' EE AP. In this way 'good practice' examples of national EE APs – i.e. those which, inter alia, do genuinely involve the local level in an effective practical way, could be replicated to other MS. He suggested further that, to whatever extent possible, this informal process could be aired during the 2008 EUSEW, which should have the necessary salutary effect on those MS which had still not finalised acceptable plans.

7. Action on new Member States (NMS: co-ordinator: Roman Doubrava, SK)

The paper had been finalised at the previous meeting on January 20, (see Minutes, point 6), in accordance with the groups' 2007 work plan, but it was decided to re-visit the subject, especially in the light of the greater detail now available and provided by Chiara Anglesio as regards the new ME services (above). A proposal was made that a specific brochure be produced for the attention of NMS agencies, with special attention to design and (more in-depth) content on issues of priority concern for them. The need for training and capacity building was amply recognised in the new services, especially training (nb including 'mentoring' for Directors to be available as from the autumn, in principle) and capacity building, with training for staff on aspects such as preparing business plans, agency management...) included in the new ManagEnergy service contract. This was of great value especially given the ending of the initial IEE support after the initial three years, as Zeno Winkels (NL) recalled. Roman Doubrava also underlined the difficulty in this crucial period often caused by the fact that, while the formal ending of the agency support project could obviously be planned for, the final EU payment could then take a considerable time to arrive in view of the contract finalisation procedures. His agency (Bratislava) has already on occasion provided interest-free bridging loans for this purpose.

Much further discussion ensued, initiated by G. Wisniewsky and others, on the problems caused by differing legal statutes of local agencies across and sometimes within MS. Profit or non-profit status, shareholding structure, and allied aspects. The situation where IEE (and other EU programme) rules specified "no profit" calculation but in fact returns pertaining to a project were being re-invested therein or in other 'eligible' agency activities was under discussion with the IEEA (EACI). A limited company, for example, under German law (GmbH) was obliged to declare a profit in due course, or it would be acting illegally (i.e. should be an 'eV' (registered association) or other corporate status. Many such matters were also being checked with the legal advisor to the IEEA (EACI).

Vlasta Krmelj stressed the conflict especially for new agencies between remunerative work with commercial operators (boiler renewals etc) which was essential for financial sustainability, and the still important non-profit sector including advice to the public (in the well-known situation where great gains especially in energy efficiency could be obtained at very little capital investment cost to households, in particular, or housing associations, SMEs, and similar operators, such as in the insulation, thermostat and behaviour fields, by the provision of timely and appropriate advice). She quoted the problem, however, of "tied" work, whereby a company was willing to partner a project or other scheme on the sole condition that its own equipment (boilers, etc.) was installed. R. Doubrava advocated the experience of his agency (Bratislava) in designing 'packets' for agencies, involving projects, services, and so forth, over a reasonable period, three years as a minimum usually, but with the processes involved being constant, thus saving labour and planning resources.

The IEAA/EACI would also be contacted (V. Argyraki and colleagues) as regards the situation in further NMS as regards the agency or equivalent structure - Malta, Cyprus, Latvia....). All three had submitted or would be submitting projects for agencies or comparable structures; RAB recalled that in the case of MT the role was to be assumed by the Temi Zamit Foundation <http://www.ftz.org.mt/> (contact: Jesmond Xuereb) subject to evaluation and contracting if these were not in fact completed.

8. Election of Vice-Chair

Rolf Goldmann confirmed that as from July he would be leaving the Berlin agency for a post at the European Investment Bank, so that Grzegorz Wisniewski from Vice-Chairman for 2007 would automatically be offered the chair of the group, which he accepted. It was decided to put back the election, following the group's adopted practice, of a vice-chair for the remainder of 2007, to the forthcoming meeting in Oct/Nov. Rolf would write to the entire group confirming this. He also confirmed that his successor as a member of the group would be from the Berlin agency.

9. Further work for the MERG in 2007

This was broadly agreed as follows (subject to the fact that less than a majority of those MS agencies' associations usually present was represented):

- (MS) Action Plans on energy efficiency: members would continue their efforts and report back to the next meeting;
- Gerry Wardell and Vlasta Krmelj would continue discussions and possible conclusions on the implications and role of local bodies for optimal implementation of the Energy Services Directive (ESD)
- The group would provide feedback to the ME consortium and unit TREN D3 on ongoing experience of the ME Sectoral Advice Facility

It was also noted that almost all the working priorities continued in the MERG 'strategy paper 2005-2007' had been met. Members were reminded that the online public consultation on Biofuels issues (in the context of the new Renewables legislation) would close very shortly (18 June).

It was also agreed that the **next meeting** would be held in **Brussels on either 23 October or 5 November**, according to majority preferences to be received by 31 August.

10. Review on 'EUSEW' 2007-11-01

It was noted that no detailed formal conclusions had been forthcoming from the ME annual conference plenary session on 1 February

(<http://www.managenergy.net/conference/2007plenary.html#conclusions>)

although a great deal of analysis and discussion had been forthcoming also thanks to the active participation of SME organisations with a view also to engaging and empowering their member organisations (in the MS) concerned with the energy and transport sectors for practical and pan-EU implementation of the EE AP and relevant legislation, where, in addition to the MS implementing measures, the pro-active involvement of the local, decentralised level of energy actors was indispensable. However, as the Commission reported, some ongoing results could be seen including from the very thorough discussion around such issues which had taken place at the IEE programme committee (national officials) in April, and many workshops and other events organised so far in 2007 by the various organisations including outside the energy and transport sector. The chairman recalled the EUSEW plenary session including the address by Eurochambres President G. Baumann and others which should definitely be built upon in order to strengthen outreach to the SME level, where many barriers still persist. (for the recordings - http://www.managenergy.tv/me_portal/mst/2106/index.html).

Many suggestions were received for improvement in features of the Annual Conference of direct interest to local actors/agencies, such as provision for short 'business meetings' ('speed dating' – P. Koegler, CEMR) and generally more focussed 'partner-search' and similar facilities. Fixed slots with opportunity for short presentations (incl by companies?) should be provided, rather than the need to man stands with qualified staff available for several days.

The 'MERG' session at EUSEW 07 was analysed in detail, whereby it was judged to have been more of a series of individual agency experiences, useful and replicable as these might be, rather than a practical training event. Despite the title, the stated challenge of better marketing (themselves) for agencies had not in fact been addressed. G.Wisniewski suggested that it might be possible to bring in an external consultant via the facilities now available under the ME service contract in order to address this need in a more structured manner. The Berlin agency had in fact organised such a meeting on an 'invitation only' basis. A more open forum as at EUSEW might not be the most promising vehicle for this sensitive area.

11. EUSEW 2008

G.Wisniewski thought it might be useful for the group to receive an informal document along the lines of a work programme from the ME service consortium itself, incl. in order to make better use (for ME) of the substantial opportunity afforded by the EUSEW, now that after the initial experience it had been decided to hold such a week at the least for a second year. Sergio Zabot (successor to GM Varalda as representative of RENAEL (I) pointed to the success of the event held by the Italian Ministry of Environment (120 attendees) in 2007, and wondered whether MS authorities (or groups of them, two or more, since a total of 27 would be as unlikely as unpractical) might not be interested to hold (say) half day sessions in the EUSEW along similar lines, starting with a small number of specific subjects (such as training in biomass sectors.....). He further suggested that for such 'national' sector sessions, use might be made of some of concerned MS' regions' offices in Brussels, as 'neutral territory' – which might also have the additional useful effect of interesting MS' central authorities in their regional authorities' activities at EU level (if only by the 'envy' factor). He also advocated a continuing stronger presence of SMEs' representative organisations at EUSEW events, and why not a representative in the MERG?

Another important constituency for the next 'EUSEW' was ESCOs' bodies. The example of the large companies active in this field – Siemens, Johnson Controls, Honeywell, Schneider (F) who have entered into a coalition for the performance contracting to be financed under the C40 initiative (link above, v. also <http://www1.eere.energy.gov/femp/financing/superespcs.html>) was mentioned. This was a sector where there was no effective EU-level representative organisation, and small companies showing success were often taken over – such as the case of a Berlin-based local ESCO rapidly bought up by Hochtief. Even local utilities (D: Stadtwerke) were increasingly being bought by large operators, with the predictable results of such concentration in the energy demand management context. The group was reminded of the annual ESCOs events organised since 2004 by the EU Joint Research Centre (P. Bertoldi) – 2004 Milan, 2006 Prague, 2007 Nice.

The suggestion was advanced of a vade mecum for ESCOs which the Commission or appropriate other neutral body could draft. Indeed Italy was lobbying, S. Zabot reported, for a certification system for ESCOs in pursuance of the Energy Services Directive. However at a CEN meeting on 26 April, this proposal had been rejected by other MS delegates.

The item was concluded by a detailed discussion on alternative priorities for the plenary session at the ME AC 2008, noted for consideration by the Commission, and whether the experience of an 'own event' to be organised by MERG should be repeated – without a conclusion being reached (issue of quorum – and with ref. to remarks above with reference to session on marketing services for agencies at EUSEW 2007).

12. A.O.B.

Thanks were expressed to the chairman for the excellent hospitality and organisation of the meeting in Berlin, together with his substantial contribution to the group's work during his chairmanship, in practice since EUSEW 2007, as well as its best wishes for his new responsibilities with the EIB. The group also expressed its thanks and best wishes to its long-standing member from the Netherlands, Zeno Winkels, who would also be leaving for new horizons.

(The meeting was followed by a short study visit to a local small-scale CHP (incl. cooling) plant in Berlin, for which the group also expressed its thanks to the outgoing chairman Rolf Goldmann and the Berliner Energieagentur staff).

(minutes by R.A .Bailey)