

INTELLIGENT ENERGY - EUROPE

2003-2006

**GLOBAL
WORK PROGRAMME**

for the years

2003-2006

15 October 2003

1. Introduction

The Intelligent Energy - Europe (EIE) Programme¹ is intended to support the European Union's policies in the field of energy as laid down in the Green Paper on Security of Energy Supply, the White Paper on Transport and other related Community legislation². Its aim is to support sustainable development in the energy context, making a balanced contribution to achieving the general objectives of security of energy supply, competitiveness, and environmental protection (Art. 1 of the programme Decision).

The strategy for medium and long-term security of energy supply and the integration of the Community strategy for sustainable development and environmental protection in the field of energy and the energy aspects of transport require the support programmes to be redirected in order to combine Community action to form a coherent, effective whole, both procedurally and in terms of objectives. What is needed is intelligent action, hence the name of the programme ("Intelligent Energy – Europe"), in order to conserve natural resources and sustainably maintain the level of development of our society by making responsible use of energy based on technological innovation and the ability of the energy sector and industry to adopt best practices on energy as quickly as possible.

The EIE programme is designed as the main Community instrument for non-technological support in the field of energy. It provides continuity for the actions under the ALTENER, SAVE and, to a certain extent, SYNERGY programmes and combines all activities in the energy sectors contributing to the accomplishment of the main aims of Community energy and transport strategies in terms of energy aspects and also the sustainable development strategy. For the latter the Commission's communication on a sustainable Europe³, subsequently approved by the Gothenburg European Council and the conclusions of the World Summit on Sustainable Development held in Johannesburg, as well as the Johannesburg Renewable Energy Declaration, are of particular note.

To better integrate the previous ALTENER and SAVE programmes with these political commitments it was necessary to create two fields of action in addition to those focused on renewable energy sources and rational use of energy. These other fields focus on the energy aspects of transport and on energy issues in relation to developing countries.

¹ Decision No 1230/2003 of the European Parliament and of the Council of 26 June 2003 adopting a multiannual programme for action in the field of energy "Intelligent Energy - Europe" (2003-2006), OJ L 176, of 15.7.2003, p. 29

² Towards a European Strategy for the security of energy supply, COM (2000) 769 final; European Transport Policy for 2010: a time to decide, COM(2001) 370.

³ A sustainable Europe for a better world: a European strategy for sustainable development, COM(2001)264.

For its EU focussed activities, enlarged by EEA and candidate countries, EIE has to contribute to two broad objectives which are:

- a) the promotion of energy efficiency, thereby reducing CO₂ emissions and contributing to the aim of saving 18% of EU energy consumption by 2010 compared to business as usual, and
- b) increasing the share of renewable energy sources in gross EU energy consumption, with the aim of reaching 12% by 2010 and further increases beyond⁴.

Activities funded by the EIE programme alone cannot reach these targets. The EIE programme is intended to encourage the evolution, demonstration and take-up of energy efficiency products and services and renewable energy sources. The creation and expansion of these market opportunities together with an enhanced legal framework on RES and RUE can make it possible for the EU to reach the overall targets. The EIE programme will be an incubator for the policies and measures that will promote renewable energy technologies and rational use of energy in the EU.

The European Commission will seek to finance projects that will support the development and implementation of energy policy. One important output sought from projects funded by the EIE programme is support and feedback to the legislative process and the development of other measures both at EU and national level. It will also be desirable in this context to fund projects that explore the possibilities of combining legislation with other policy measures, such as information and education or financial incentives. It is important to be able to quantify the effects of different approaches, and therefore instruments to monitor and evaluate the impact of national and EU-wide measures will also be supported.

The EIE programme will also fund projects that can already make a difference today, and which thus contribute to achieving the longer term goals. Projects that induce behavioural change in energy consumption in the EU by raising awareness among the main actors will therefore also be eligible for financial support. This will include direct actions such as the promotion of labelling schemes and information campaigns.

Outside the EU, EEA and candidate countries, the EIE programme will support EU policies on energy sector co-operation with developing countries. In particular, it will support capacity building actions to strengthen local expertise, and to create a policy and legislative environment enabling energy services to support sustainable development. Priority will be given to actions which are associated to the Partnerships which are being formed between the EU and developing countries through the EU Energy Initiative for Poverty Reduction and Sustainable Development (EUEI). This Initiative will facilitate the achievement of the Millennium Development Goal (MDG) of halving the number of people in extreme poverty and other MDGs by 2015, through the provision of adequate, affordable, sustainable energy services. The Johannesburg Renewable Energy Coalition (JREC) will complement this Initiative and focus on increasing the share of RES in the global energy portfolio⁵.

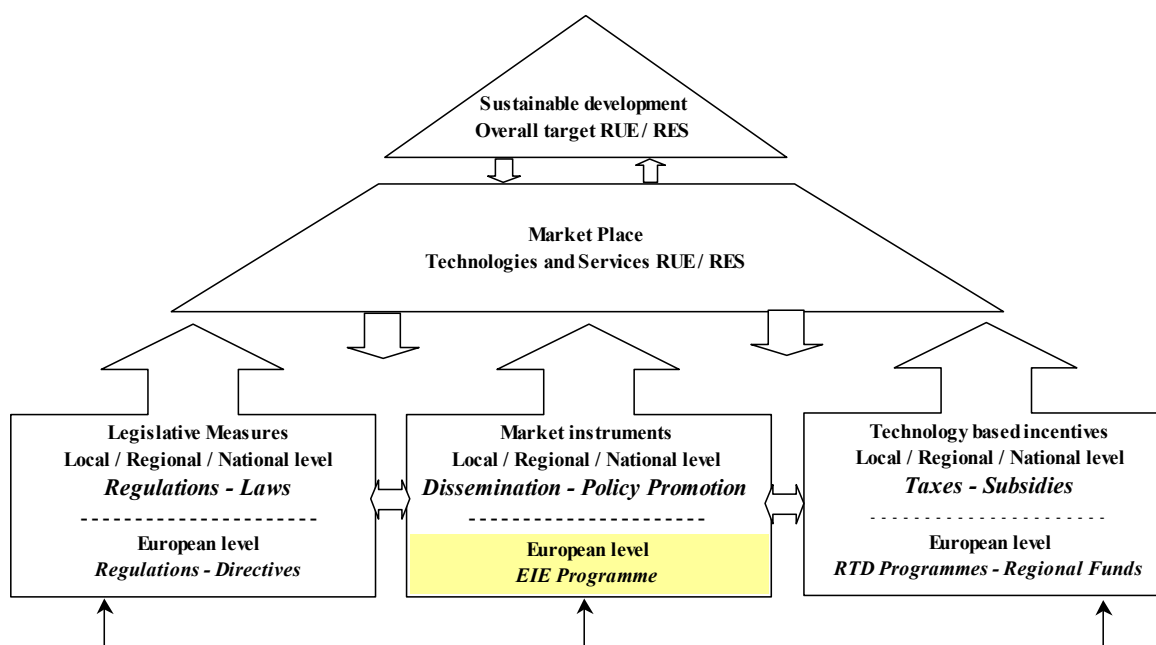
The global setting of the programme is shown in the following figure. This illustrates how the EIE programme can support the development of policies and measures that could be used by the EU or the Member States to transform the market, so that the targets for rational use of energy and

⁴ White Paper for a Community Strategy and Action Plan, COM(97)599 final (26/11/1997)

⁵ Further information regarding the EU Energy Initiative and its secretariat can be found on http://europa.eu.int/comm/development/body/theme/energy/initiative/index_en.htm and regarding the JREC and its secretariat on <http://forum.europa.eu.int/Public/irc/env/ctf/home>.

renewable energy can be reached. The figure also illustrates how different measures combine to assist in reaching the overall target. None of the measures would be enough on its own.

Figure 1: Links between the EIE programme and other policies and measures



The programme also aims at economic and social cohesion, and seeks to increase transparency, coherence and the complementarity of all the actions and other related measures in the field of energy, thereby generating effective links between these measures and actions carried out under other Community and Member States' policies.

The 4 fields of the EIE programme

The decision of the European Parliament and of the Council on the EIE programme determines not only the programme's objectives but also its structure, the type of activities to be funded under the programme, the scope of the work programme, general rules for programme participation, the programme's overall budget, the Commission's responsibility for programme execution with the assistance of a programme committee, as well as the monitoring and evaluation of the programme.

According to this decision the programme is structured in four specific fields:

- (a) "SAVE", which concerns the improvement of energy efficiency and the rational use of energy, in particular in the building and industry sectors (with the exception of actions under STEER), including the preparation of legislative measures and their application;
- (b) "ALTENER", which concerns the promotion of new and renewable energy sources for centralised and decentralised production of electricity and heat and their integration into the

local environment and energy systems (with the exception of actions under STEER), including the preparation of legislative measures and their application;

- (c) “STEER”, which concerns support for initiatives relating to all energy aspects of transport, the diversification of fuels such as through new developing and renewable energy sources and the promotion of renewable fuels and energy efficiency in transport, including the preparation of legislative measures and their application;
- (d) “COOPENER”, which concerns support for initiatives relating to the promotion of renewable energy sources and energy efficiency in the developing countries, in particular in the framework of the Community cooperation with developing countries in Africa, Asia, Latin America and the Pacific.

The decision also foresees the possibility of “Key Actions” which are initiatives combining several of the above-mentioned fields and/or relating to certain Community priorities, such as sustainable development in the outermost regions.

In relation to these four specific fields and the key actions, Community funding can be allocated to the following actions or projects:

- (a) the promotion of sustainable development, security of supply in the framework of the internal market, competitiveness and environmental protection, including the development of standards and labelling and certification systems, long-term voluntary commitments to be agreed with industry and other stakeholders, as well as forward studies, strategic studies on the basis of shared analyses, and regular monitoring of the development of the markets and energy trends including for the preparation of future legislative measures or for the review of existing legislation;
- (b) the creation, enlargement or reorganisation of structures and instruments for sustainable energy development, including local and regional energy planning and management, and the development of adequate financial products and market instruments;
- (c) the promotion of sustainable energy systems and equipment in order to accelerate their penetration of the market and stimulate investment to facilitate the transition from the demonstration to the marketing of more efficient technologies, including dissemination of new cross-cutting technologies and best practice, awareness campaigns and the creation of institutional structures aimed at implementing the clean development mechanism and joint implementation under the Kyoto Protocol;
- (d) the development of information, education and training structures; the utilisation of results, the promotion and dissemination of know-how and best practices involving all consumers, dissemination of results of the actions and projects and cooperation with the Member States through operational networks at Community and international level;
- (e) the monitoring of the implementation and the impact of Community initiatives, and the support measures;
- (f) the evaluation of the impact of actions and projects funded under the programme.

Generally the above-mentioned actions or projects will be promotional activities in the very broad sense. In contrast to the 6th Framework Programme for Research and Technological Development (FP6) the EIE programme will not support investment in technologies, however many of the actions will have a link to one or more energy efficiency and/or renewable energy technologies.

Actions or projects supported in the framework of the EIE programme will be committed to remove market barriers to the increased use of energy efficiency and renewable energy sources. They will equally have a significant impact at European level, a high profile and the broadest possible relevance to European citizens and policies. In this context, preference will be given to proposals of outstanding quality that present cost-effective arrangements and a significant dimension.

The overall budget for implementing actions and projects under the EIE programme has been fixed at 200 Million Euro⁶. Where an initiative comes from market actors, the programme will share the cost with the proposers, providing a maximum funding of 50% of the total cost. The actual percentage will depend on the Community added value of the action proposed, the potential benefits and the expected impact. For those actions and projects initiated by the European Commission, 100% of the cost will be borne by the programme.⁷

The EIE Work Programme

Article 5 of the Decision gives the Commission a mandate to establish a work programme, in consultation with the Programme Committee, which sets out in detail:

- a) the guidelines for each of the specific fields and key actions, which implement the objectives and priorities set out in the Decision and take account of the added value that the proposed measures will provide at Community level compared to existing measures;
- b) the implementation arrangements, distinguishing between actions envisaged on the Commission's initiative and those where the initiative comes from the sector and/or the market concerned, as well as the funding arrangements and the rules for participation;
- c) the selection criteria and the arrangements for applying them to each type of action and the method and instruments for monitoring and utilising the results of the actions and/or projects, including the definition of performance indicators;
- d) the indicative timetable for the implementation of the work programme, in particular the content of the calls for proposals;
- e) the detailed rules for co-ordination and linkage with existing Community policies and the procedure for the development and implementation of actions co-ordinated with those carried out by the Member States in the field of sustainable energy. The aim is to provide added value as compared to measures taken by each Member State action on its own. These measures will make it possible to achieve an optimum combination of the various instruments at the disposal of both the Community and the Member States.
- f) If necessary, the operational arrangements in order to encourage the participation of remote and outermost regions, including islands, in the programme, and the participation of SMEs.

⁶ Art. 6 of the programme decision. This amount does not yet include contributions from Candidate Countries or EEA countries nor from enlargement from 2004 onwards.

⁷ Art. 4(2) of the programme decision

- g) Community rules concerning public access to information, transparency and gender mainstreaming shall be taken into account in the work programme.

This work programme, adopted by a Commission decision, addresses all of the requirements contained in the Decision and mentioned above. It has been established in consultation and close collaboration with other relevant Commission services, in particular those referred to in the following sub-chapter “Co-ordination with other Community and Member States’ Policies”. The programme committee of Member States and Associated Countries has been consulted on the work programme.

This work programme forms the basis for the implementation of the EIE programme, in particular its first two years. Following a mid-term evaluation, a revision or adaptation of the work programme is envisaged for the second half of its duration.

The work programme is structured as follows:

- Chapter 2 gives an overview of the priority topics for each field and key action,
- Chapter 3 describes the rules for programme implementation,
- Chapter 4 lays down the criteria for eligibility, selection and evaluation,
- Chapter 5 shows the indicative planning of calls as well as the approximate allocation of the programme budget for 2003-2006,
- Chapter 6 determines the details of the annual programme for 2003.

In addition to the EIE work programme 2003-2006 the following documents will be provided as information package to proposers and any other interested organisations:

- The “Detailed description of the EIE Key Actions” explains in more detail the EIE priority topics, describes the target areas and indicates the likely instruments to be used.
- The “Guide for proposers” provides practical information for organisations submitting a proposal.

Co-ordination with other Community and Member States’ policies

The nature and dimension of actions financed by the “Intelligent Energy – Europe” programme mean that this will often constitute a first Community support to be followed by, and prepare the ground for, further, larger scale, complementary Community intervention that is generally of a downstream character. This is particularly the case for COOPENER actions, which may be complemented by activities supported by development cooperation instruments on a demand led basis, thus ensuring ownership. It is also relevant to the other three fields. Where appropriate, this linkage to other EC policies is referred to in the description of the priority actions.

In order to ensure a good articulation between this programme and developments in other energy relevant EC policy areas, other European Commission services will be associated to the programme development and implementation. An inter-service group will be established for this purpose within the European Commission in the early stages of the programme. The group, chaired by the Directorate General for Energy and Transport, shall contain representatives from the Commission's services whose policies and support programmes have relevant energy-related components, notably those dealing with Community initiatives in the fields of development co-operation, agriculture, environment, regional development, enterprise, research and development, and taxation.

Depending on the subject, the whole or parts of the inter-service group shall be addressed at key stages of the programme, notably for the definition of priorities for the calls, the assessment of proposals and the valorisation of the actions' results. Consequently, the actions carried out in the framework of this programme will deliver added value at EU level since they may be used to prototype and benchmark solutions that can later be diffused at a much larger scale by other programmes, as well as enabling upstream research activities to better respond to policy needs. Overall this co-ordination will leverage a much broader financial basis for energy related actions and improve the effectiveness of Community intervention.

Actions under the EIE programme will often have as their objective the transfer of know-how from one community, region or nation to others. Acceleration of the learning about success and failure of different policies and measures related to RES and RUE policy in the building, industry and transport sector is an important task for the EIE programme. Additionally there are fields of action where Community policy is highly reliant on implementation activities in the Member States, e.g. directives and voluntary agreements. Coordination with Member States' policies and measures is an important step to ensure that EIE best complements and supports existing initiatives in Member States to achieve the Community's RES and RUE objectives. Based on Article 5(2) of the programme Decision, the EIE programme foresees joint and coordinated actions with Member States through Concerted Actions.

In general coordination with Member States and the countries associated to the EIE programme will take place through the programme Committee of Member State representatives (Art. 8 of decision 1230/2003/EC), which will assist the Commission in the implementation of the programme. This coordination will also be strengthened by the Executive Agency, foreseen by the Commission to implement the EIE programme. Additionally, when submitting a proposal, proposers will be asked to show how the proposal is based on and linked to national and international activities in the area and how it will contribute to improve these.

2. Specific programme objectives and priorities

Chapter 2 describes the general philosophy which guided the elaboration of the work programme and its structure and priorities. This is followed by a description of each key action and the target areas that are addressed by them.⁸

2.1. General guidelines

The objectives and priorities of the EIE programme have been translated into four fields of activities covering energy efficiency related actions (SAVE), the promotion of renewable energy (ALTENER), energy aspects of transport (STEER) and initiatives relating to the promotion of renewable energy sources and energy efficiency in developing countries (COOPENER).

Activities in these fields of activities under the EIE work programme should be guided by two main principles:

- Integration of instruments, tools and actors
- Integration of energy efficiency and renewable energy sources

The work programme organises the various activities of the EIE programme in *Key Actions* (KA), and inside each Key Action a number of *Target Areas* (TA) have been defined. The key actions are of vertical (VKA) and horizontal (HKA) character.

The Vertical Key Actions contain the sectoral objectives of each of the four fields, including the potential instruments that could be used to achieve them. Although having a main focus on one of the four specific fields, activities under the vertical key actions are often looking for integrated solutions, combining energy efficiency and the use of renewable energy sources.

The Horizontal Key Actions are, by nature, transsectoral, covering several fields without one field being more dominant than the others. The two Horizontal Key Actions “Sustainable Energy Communities” and “Think globally, act locally” have as a main objective the integration of actions addressing Renewable Energy Systems and Rational Use of Energy in several sectors. “Think globally, act locally” is also the Key Action dedicated to the support for local and regional energy

⁸ In addition to Chapter 2 the Commission will prepare a more detailed description of the EIE Key Actions, providing explanations and specifications for each key action as regards to the objectives, the target areas and instruments to be used, suggestions for consortium profiles, as well as links to related programmes. This document “Detailed description of the Key Actions” will be available as part of the information package for proposers.

management agencies, including support for the establishment of new agencies as well as for training and networking of existing agencies.

The three other Horizontal Key Actions, “Financing mechanisms & Incentives” and “Monitoring & Evaluation” and “Dissemination & Promotion” have more the character of accompanying actions. They are designed to complement activities under the Vertical Key Actions, concentrating on important issues such as financing, monitoring, evaluation and dissemination. These issues are often relevant to all fields therefore a horizontal approach has been chosen, which will also increase the visibility of these issues.

Figure 2: Simplified scheme of the vertical and horizontal key actions

Vertical key actions

SAVE	ALTENER	STEER	COOPENER
<ul style="list-style-type: none"> ▪ Multiplying success in buildings ▪ Retrofitting of social houses ▪ Innovative approaches in industry ▪ Energy Efficient Equipment and Products 	<ul style="list-style-type: none"> ▪ RES-Electricity ▪ RES-Heat ▪ Small Scale RES Applications ▪ Alternative vehicle propulsion 	<ul style="list-style-type: none"> ▪ Alternative vehicle propulsion ▪ Policy measures for an efficient use of energy in transport ▪ Strengthening the knowledge of local management agencies in the transport field 	<ul style="list-style-type: none"> ▪ Energy policies, legislation and market conditions for enabling poverty alleviation in developing countries ▪ Strengthening local energy expertise in developing countries

Horizontal key actions

Sustainable Energy Communities			
Think globally, act locally			
Financing mechanisms & Incentives			
Monitoring & Evaluation			
Dissemination & Promotion			

The Vertical Key Actions (VKA) and Horizontal Key Actions (HKA) are shown in more detail in the following three tables, being the ‘skeleton of the work programme’.

Table 1: Overview of the Vertical Key Actions and the related Target Areas of SAVE, ALTENER and STEER

FIELD	VERTICAL KEY ACTIONS		TARGET AREAS	
	CODE	TITLE	CODE	TITLE
SAVE	VKA 1	MULTIPLYING SUCCESS IN BUILDINGS	VKA1.1	Tools for the take-off of the Buildings Directive
			VKA1.2	Schemes for implementation of energy services in buildings
			VKA1.3	Public buildings as shining examples
			VKA1.4	Promotion of best practice examples of high energy performance buildings
	VKA 2	RETROFITTING OF SOCIAL HOUSES	VKA2.1	Awareness raising, education and training
			VKA2.2	Tailored financing schemes
			VKA2.3	Advanced integrated retrofitting solutions
			VKA2.4	Legal and institutional changes
	VKA 3	INNOVATIVE APPROACHES IN INDUSTRY	VKA3.1	(Instruments for) Energy management
			VKA3.2	Energy services in SMEs
			VKA3.3	Polygeneration
	VKA 4	ENERGY EFFICIENT EQUIPMENT AND PRODUCTS	VKA4.1	Enforcing the application and enhancing the awareness of EU labels and minimum energy efficiency standards
			VKA4.2	Technology procurement, buyer-initiatives and other approaches to accelerate the transformation of the market
VKA4.3			Monitoring market transformation and preparing the ground for new policy initiatives	
ALTENER	VKA 5	RES-ELECTRICITY	VKA5.1	National indicative targets
			VKA5.2	Support schemes
			VKA5.3	Grid system issues
			VKA5.4	Green electricity
			VKA5.5	Distributed electricity generation
	VKA 6	RES-HEAT	VKA6.1	Legislation, fuel standards and norms
			VKA6.2	Supply chain and market structures
			VKA6.3	Specific applications and building integration
	VKA 7	SMALL SCALE RES APPLICATIONS	VKA7.1	Solar water and space heating and cooling
			VKA7.2	PV electricity generation
			VKA7.3	Biomass for domestic heating
			VKA7.4	Small scale CHP and heat pumps
	VKA 8	ALTERNATIVE VEHICLE PROPULSION	VKA8.1	Legislation, fiscal regimes and fuels standards and norms
VKA8.2			Supply chain and market structures for biofuels	
VKA8.3			Supply chain and market structures for alternative fuels requiring separate supply chains	
VKA8.4			Market demand for alternatively propelled vehicles	
VKA8.5			Accompanying measures	
STEER	VKA 9	POLICY MEASURES FOR AN EFFICIENT USE OF ENERGY IN TRANSPORT	VKA9.1	Reducing demand for transport
			VKA9.2	Enhancing energy efficiency in a transport mode
			VKA9.3	Encouraging transfer to less energy intense modes
			VKA9.4	Economic instruments and incentives
			VKA9.5	Information and awareness and education
	VKA 10	STRENGTHENING THE KNOWLEDGE OF LOCAL MANAGEMENT AGENCIES IN THE TRANSPORT FIELD	VKA10.1	Training and education of local agencies in the efficient use of energy and use of alternative fuels in transport
VKA10.2			Fostering collaboration and partnership: Supporting local actors in programme and project participation	

Table 2: Overview of the Vertical Key Actions and the related Target Areas of COOPENER

FIELD	VERTICAL KEY ACTIONS		TARGET AREAS	
	CODE	TITLE	CODE	TITLE
COOPENER	VKA 11	ENERGY POLICIES, LEGISLATION AND MARKET CONDITIONS FOR ENABLING POVERTY ALLEVIATION IN DEVELOPING COUNTRIES	VKA11.1	The energy policy chain, from development to promotion and implementation
			VKA11.2	Pro-poor energy regulations, addressing sustainability, targets, and decentralised generation
			VKA11.3	Energy planning for urban, peri-urban and rural areas
			VKA11.4	Financing, investments and support schemes for energy sector programmes and projects, with particular emphasis on SMEs
			VKA11.5	Promoting best practice in energy services to meet the needs of the poor
	VKA 12	STRENGTHENING LOCAL ENERGY EXPERTISE IN DEVELOPING COUNTRIES	VKA12.1	Training and networking for energy policy makers, regulators, and planners
			VKA12.2	Training, networking, mobility and study tours for energy professionals
			VKA12.3	Strengthening existing Energy Centres, Agencies and Industry Associations

Table 3: Overview of the Horizontal Key Actions and the related Target Areas

FIELD	HORIZONTAL KEY ACTIONS		TARGET AREAS	
	CODE	TITLE	CODE	TITLE
ALL	HKA 1	SUSTAINABLE ENERGY COMMUNITIES	HKA1.1	Promoting energy citizenship and mobilising local energy actors
			HKA1.2	Local community planning for the efficient use of RES and conventional energy, demand side management and associated mobility
			HKA1.3	Establish favourable conditions for local energy markets and services to reach a critical mass
	HKA 2	THINK GLOBALLY ACT LOCALLY	HKA2.1	ManagEnergy: the facilitating instrument for local energy activities
			HKA2.2	Support for the creation of local and regional energy management agencies and for the operation of national associations of agencies
			HKA2.3	Think globally: Community added value (Reflection group)
	HKA 3	FINANCIAL MECHANISMS & INCENTIVES	HKA3.1	Cross-country analysis of different financing mechanisms
			HKA3.2	Development and promotion of innovative financing mechanisms for RES & RUE investments
			HKA3.3	The right to a fair competition
			HKA3.4	Platform/Forum for exchange of experience on financial mechanisms & incentives
	HKA 4	MONITORING & EVALUATION	HKA4.1	Monitoring and evaluation of different RES/RUE policies and measures
			HKA4.2	Methods, indicators and modelling of future trends and policy impacts
			HKA4.3	Platform for exchange of experience on monitoring & evaluation
	HKA 5	DISSEMINATION & PROMOTION	HKA5.1	Dissemination of project results
			HKA5.2	Dissemination of sector best practice
			HKA5.3	Dissemination of the programme and its achievements
			HKA5.4	Public Awareness Campaign for an Energy Sustainable Europe

Not every Key Action will be open for submission of proposals in each Call for proposals, but every Key Action will be subject to a Call for proposal at least once. Chapter 5 shows which Key Actions are proposed to be addressed in the Calls for Proposals 2003 and 2004. For the second half of the programme duration, priorities will be planned after the mid-term evaluation of the programme. The concrete annual priorities will be fixed each year and will be adopted in an annual work programme.

Generally, proposers may submit proposals addressing one or more target areas of the same or of different Key Actions. Proposals should then be submitted to the programme field or Horizontal Key Action where the proposal lays its greatest emphasis.

2.2. Vertical Key Actions SAVE, ALTENER and STEER

2.2.1. VKA1 – Multiplying success in buildings (SAVE)

Buildings use about 40% of total final energy consumption in the EU while their lower energy efficiency in Central and Eastern European Countries (CEEC) gives this sector a greater importance there. Increasing energy efficiency in the building sector is therefore a priority. Over a million new buildings will be erected during the next 15 years in the EU and about 1-2% of the building stock is renovated per year. Major energy efficiency gains can be achieved when a building is renovated or newly built. These factors led the Commission to propose a Directive on the energy performance of buildings including a set of measures to reduce their energy consumption, which was adopted by the European Parliament and the Council in December 2002⁹.

Europe is at the forefront of many aspects of building design such as the combination of architectural design and technology. Strengthening this lead and translating it into standard European practice is desirable as is transferring this knowledge into building rehabilitation.

This key action is intended to make a substantial contribution to developing and promoting tailored sets of measures to improve the performance of buildings, including measures to reduce the energy consumption as well as small-scale CHP and RES applications. It aims also to serve as a catalyst for the take-off of the buildings Directive and to prepare and accelerate its implementation. The main focus is on the retrofitting of buildings. The Target areas to be addressed are:

- Tools for the take-off of the buildings directive (partly via Calls for tenders)
- Schemes for the implementation of energy services in buildings (e.g. Energy Performance Contracting), in particular retrofitting
- Public buildings as shining examples
- Promotion of best practice examples of high energy performance buildings

2.2.2. VKA2 – Retrofitting of social housing (SAVE)

The history and evolution of social housing varies considerably between the EU, EEA and Candidate Countries. In many countries social housing was or is a task of local authorities, in others this relies on private housing initiatives. Respecting these particularities, social housing for this key action is simply defined as single or multi-family houses or apartment blocks built to provide affordable dwellings for low income people. There are at present about 2.5 million social dwellings in the EU, however enlargement will increase this number substantially. Social housing is responsible for some 45% of the consumption in the building sector, equivalent to around 18% of the total EU final energy consumption.

⁹ Directive 2002/91/EC of the European Parliament and of the Council of 16th December 2002 on the energy performance of buildings, Official Journal L 001, 04.01.2003, p. 65-70

In recent years many EU, national, regional and local initiatives have clearly demonstrated that sustainable low energy buildings can be built at no greater cost than conventional buildings. When life-cycle costs are taken into account, costs can even be less. Based on this knowledge and the awareness of fuel poverty as well as the greater comfort, indoor air quality and quality of life for inhabitants of social housing, the construction and upgrading of buildings for low energy consumption should provide considerable all round benefits.

At present there is more experience of the construction of new low energy social housing than of retrofitting, but in recent years some countries have started full-scale programmes for energy-efficient retrofitting of social housing. This Key Action is thus designed to accelerate activities regarding the retrofitting of social housing.

The aim of the Key Action is to contribute to increasing the energy efficiency in social housing by at least 30% on average, leading to an overall reduction of about 5% in EU energy use. In each country priority should be given to the most relevant types of buildings and of ownership in order to underline best the multiplication potential.

The Target areas to be addressed are:

- Awareness raising, education and training
- Tailoring financing schemes
- Advanced integrated retrofitting solutions
- Legal and institutional changes

2.2.3. VKA3 – Innovative approaches in industry (SAVE)

The industrial sector's share of EU energy consumption decreased from more than 40% in the early 1980's to around a third in the 1990's and to 28% today. The trend is in part due to increasing demand in other sectors and partly due to reduced consumption in the industrial sector. The reduction in the sector has been due to a considerable improvement in energy efficiency and to structural changes. The situation EU industry faces today is quite different from 20 years ago and the attractiveness of investment in energy efficiency is in many cases lower. In the CEECs industrial energy intensity is still high and energy efficiency investments can pay back quickly. However, information about efficient technologies and energy management needs to be spread and financial means identified to fund such investments. In both cases, industry needs to reduce energy consumption to stay competitive and contribute to achieving the Kyoto commitments. EU industry must therefore find innovative technological and non-technological approaches to further reduce energy consumption while CEEC industry can still benefit greatly from more traditional technological solutions.

The Key Action aims to contribute substantially to a continuous reduction in the energy intensity of the industry sector in the next decade. This should improve the competitiveness of EU and CEEC industry. For this objective it will be important to integrate the energy efficiency efforts with other company priorities such as quality of products and services, cost-efficiency, environmental policy (EMAS, IPPC, Kyoto), quality of working environment, etc. and to demonstrate the benefits of energy efficiency for these other companies priorities.

To achieve this objective, the key action addresses different subjects to get and maintain energy efficiency on the companies' agenda. It tackles energy efficiency potentials in industry in a way that industrial actors in all countries participating in the EIE programme are addressed. A special focus will be given to small and medium size enterprises (SMEs). Underlining the Community's initiatives on Combined Heat and Power (CHP), special attention will also be given to the promotion of polygeneration¹⁰. The Target areas to be addressed are:

- Instruments for Energy Management, including energy audits, energy accounting, benchmarking activities, voluntary agreements
- Energy Services in SMEs
- Polygeneration

2.2.4. VKA4 – Energy efficient equipment and products (SAVE)

In 1999 European households used 68% of their energy consumption for space heating, 14% for water heating and 13% for electric appliances and lighting. While the share for space heating has been decreasing during the last 15 years, that of electric appliances has increased from 10 to 13%, which now represents more than half of the electricity they use. Considerable effort has been made to reduce the energy consumption of equipment and products, but changes in lifestyle have offset a large part of it. Office equipment is responsible for up to 40% of electricity consumed in an office building and this sector is growing in size and energy consumption.

EU policy to reduce energy consumption of equipment and products has been to integrate a set of instruments including labelling and certification schemes, minimum efficiency standards and negotiated agreements as well as technology procurement. This approach is more effective than just pursuing one aspect. A number of Directives deal with the provision of information and the minimum efficiency of various appliances and equipment. With the proposed Directive on establishing a framework for the setting of Eco-design requirements for Energy using Products¹¹ the Commission proposes now to not only expand minimum efficiency requirements to all kind of energy using products but also to apply a life-cycle analysis approach when determining minimum efficiency standards and to broaden the approach to ecological requirements. In addition to the regulatory initiatives, voluntary agreements exist in relation to a number of types of appliances as do a number of other specific projects such as Energy+ and the Green Light Programme.

This key action covers electric appliances and equipment of all sectors. In addition it covers also heating and lighting systems and construction products. The overall objective of this key action is a higher market share for the most efficient equipment and products and to accelerate its market penetration. This will be achieved through actions to encourage the take up of these equipment and products as well as measures that increase quality and efficiency and lead to relatively reduced costs for equipment and products which will also support the competitiveness of European manufacturers.

¹⁰ Polygeneration contains all type of multigeneration, at least electricity and heat but also e.g. cooling or products.

¹¹ Proposal for a Directive of the European Parliament and of the Council on establishing a framework for the setting of Eco-design requirements for Energy-Using Products and amending Council Directive 92/42/EEC, COM (2003) 453 final

The major contribution of this key action will be to support existing and new EU initiatives in this sector through integrated packages of measures, able to maximise the impact of these initiatives. The programme will continue to play its leading role in preparing and monitoring EU policy in this sector. While the first target area is focussing primarily on the users of equipment and products with awareness raising activities, the second target area addresses manufacturers and users equally.

The Target areas to be addressed are:

- Enforcing the application and enhancing the awareness of EU labels and minimum energy efficiency standards
- Technology procurement, buyer-initiatives and other approaches to accelerate the transformation of the market
- Monitoring market transformation and preparing the ground for new policy initiatives

2.2.5. VKA5 – RES electricity (ALTENER)

Market players see the Directive on the promotion of electricity produced from RES in the internal market as a welcome step and it has provided confidence for future projects. Implementation by the Member States and subsequent monitoring by the Commission are the next important steps.

Projects to be supported under this key action should address the objectives and priorities of the Directive, and support its implementation. Furthermore, looking beyond the boundaries of this specific Directive, thorough analyses of other relevant developments and policy related initiatives that may affect the development of the RES electricity market, should be covered by this key action. Examples of such are agriculture, environment and fiscal policies as well as policies which address the problems of remote/outermost regions.

The Key Action “RES electricity” will support organisations in different Member States and candidate countries to work together and to encourage a considerably greater fraction of electricity consumption produced from RES in order to achieve the EU level targets.

This Key Action objective can only be reached through collaborative efforts mainly between National Governments, the market actors and various associations concerned. This implies that proposals within this Key Action should involve at least two or more of these actors to secure a strong link between theory and practice. The Key Action objective does not target specific RES electricity technologies, but focuses more on some of the most important non-technological issues to be addressed to facilitate the accelerated market introduction of all RES technologies. In the context of this key action, projects involving fuel cells and hydrogen technologies combined with RES technologies and as storage options may be supported.

The Target areas below all have a number of concrete aims to fulfil in order to provide the optimum support for the successful implementation of the RES electricity directive:

- National indicative targets
- Support schemes
- Grid system issues

- Green electricity
- Distributed electricity generation

2.2.6. VKA6 – RES heat (ALTENER)

The main renewable energy source used for heating purposes in the EU is biomass in its various forms. However, solar and geothermal heating can also provide an increasingly important contribution in certain European countries. There are no legislative instruments in place on a European level, which are specifically designed to stimulate a maximum uptake of RES heat. However, the Directive on the energy performance of buildings is an important instrument for stimulating the future uptake of RES heat. Among the elements of this Directive¹², the aim for a common methodology for integrated energy performance standards is important in respect of RES heat.

Proposals to be supported under this key action should address the objectives and priorities that are needed for the implementation of the above-mentioned Directive, and should encourage a greater uptake of RES heat in the built environment, including CHP as well as district heating and cooling schemes.

The proposed Directive on the promotion of cogeneration aims to encourage further development of CHP based on RES. Such decentralised production of electricity together with heat/cooling will not only reduce the transmission and distribution losses in the electricity grid, but will also encourage greater use of RES heat in a wide range of building types as well as in district heating and cooling schemes.

The Key Action “RES heat” will encourage a greater share of heat to be produced from RES, by developing appropriate wood-fuel standards, by improving the supply chains of biomass (including energy crops) and other RES heat products. It will also contribute by developing well-functioning and non-discriminatory heat market structures, by stimulating integration of solar heat applications in buildings, by stimulating the exploitation of geothermal heat sources via heat pump technologies and by providing best practice examples.

The Target areas to be addressed under this key action are:

- Legislation, fuels standards and norms for RES heating systems
- Supply chain and market structures for RES heat products
- Promotion and training

¹² see footnote 8

2.2.7. VKA 7 – Small scale RES applications (ALTENER)

In November 2002, the Council adopted a Directive on the energy performance of buildings¹³, which outlines a series of measures aimed at increasing the share of Renewable Energy Sources in the overall energy performance of buildings.

In many buildings, there is a promising potential for reducing CO₂ emissions and saving energy by means of an integrated approach whereby traditional energy savings for the building envelope are combined with environmentally-friendly energy generation. This sort of energy generation is in many cases decentralised (operated on-site, for example using solar water and space heating and cooling systems, PV rooftop systems, and biomass fuels, as well as small scale CHP and heat pumps employing RES, in particular ground coupled heat pumps).

This key action addresses the potential benefits of integrating small scale RES installations into buildings, such as individual houses and apartment buildings, and covers not only electricity but, to an even greater degree, heating and cooling production. In this context, it should help the Member States and candidate countries to encourage more production of heating, cooling and electricity from small scale RES applications in the building sector and, in this way, also help them to achieve their national targets.

The Target areas to be addressed are:

- Solar water and space heating and cooling
- PV electricity generation
- Biomass for domestic heating
- Small scale CHP and heat pumps

2.2.8. VKA 8 – Alternative vehicle propulsion (ALTENER/STEER)

EU transport is highly dependent on oil, which creates challenges in terms of sustainability and security of supply. Measures to improve vehicle efficiency are a first vital step to address these concerns and powertrain changes can aid this.

As a second step, in its Communication on alternative fuels, the Commission proposed that 20% of fuel for the road transport sector should be provided by alternatives to oil by the year 2020. Alternative fuels can also play a role in other transport sector's energy needs.

The Commission concluded that the two main potential alternative fuels in the short term are biofuels and natural gas. Directives have subsequently been adopted on the promotion of biofuels for transport and reduced Excise rates for biofuels.

Introducing alternative vehicle propulsion, whether in fuel (for example from renewable sources such as biofuels or fossil sources such as natural gas or liquefied petroleum gas(LPG)) or powertrain, and overcoming consumer resistance poses a different type of challenge to those faced

¹³ see footnote 8

by the car and oil industries in the past which were met through incremental improvement. Cost, reliability and availability are key factors for the success of alternatives, which must offer comparably attractive solutions to users' transport requirements.

The Key Action aims to encourage greater market penetration of alternatively propelled vehicles. Actions might address: development of appropriate standards and incentives, improvement of alternative fuel supply chains, development of market structures, incorporation of alternative fuels in other policies, support for vehicle testing schemes. Projects addressing the production and processing of biofuels for transport will be managed under ALTENER whilst those addressing their application and use will be managed under STEER. The Target areas to be addressed are:

- Legislation, fiscal regimes and fuels standards and norms
- Supply chain and market structures for biofuels
- Supply chain and market structures for alternative fuels requiring separate supply chains
- Market demand for alternatively propelled vehicles
- Accompanying measures

2.2.9. VKA9 – Policy measures for an efficient use of energy in transport (STEER)

The transport sector uses 30% of EU energy consumption. It is 98% dependent on oil and consumption increased by some 50% between 1985 and 1998. Transport demand has grown continuously over recent decades and is predicted to increase by 2% per year over the coming decade. EU-Enlargement is likely to add significantly to these growth rates as CEEC economies become more closely aligned with those of the EU. It is predicted that CO₂ emissions from EU transport in 2010 will be 39% higher than in 1990.

Progress to improve energy efficiency in the transport sector is vital. Policy measures can provide incentives for technical advances, and a first step was the adoption of an EU strategy on CO₂ and cars, which aims to use consumer information and voluntary agreements to reduce CO₂ emissions from new cars. The voluntary agreements between the Commission and the European and Japanese vehicle manufacturers aim to reduce the average CO₂ emissions of new cars by 25%, to 140grams per kilometer, by 2008, compared to the 1995 baseline.

Significant scope exists in many other areas, e.g load factor, mode shift and transport avoidance, for activities which improve energy use in transport. Measures taken to increase efficiency of transport, must not simply result in an increase in demand as a result of reduced cost. This may require use of multiple measures.

Projects will promote the reduction in energy intensity of transport and lead to an overall reduction in CO₂ emissions from transport. The Target areas to be addressed are:

- Reducing demand for transport
- Enhancing energy efficiency in a transport mode
- Transfer of traffic to less energy intensive modes
- Economic instruments and incentives

- Information and awareness and education

2.2.10.VKA10 – Strengthening the knowledge of local management agencies in the transport field (STEER)

The networks of energy agencies play an important role in supporting EU energy policies and will play a major role in implementing the Intelligent Energy - Europe programme. Agencies can play a key role in triggering local change, supporting the implementation of relevant policies and activities to save energy and sharing best practice.

Energy saving in transport has not been a priority field for agencies in the past, but should now become one. This will require new structures for co-ordination and information exchange. The competences of staff working in the agencies will need to be extended in the fields of transport best practice, vehicle technology, alternative fuels, transport policy tools and measures, and change management. Staff will need to become familiar with best practice and develop appropriate methodologies to assist local actors such as SMEs to analyse their operations and put in place appropriate measures. These activities will require specific staff training and empowerment activities.

This Key Action aims at strengthening the transport knowledge of agencies, and thus enable them to promote the take up of best practice and other measures aiming at increased energy efficiency and use of alternative fuels in transport. The Target areas to be addressed are:

- Training and education of local agencies in alternative fuels and energy use in transport
- Supporting local actors to collaborate in programme and project participation

2.3. Vertical Key Actions COOPENER

In line with the EU's global strategy for sustainable development, in particular the EU contribution to sustainable development in the developing world, actions supported under COOPENER should be complementary and upstream of the support which may later be provided in the frame of other community development co-operation programmes. The conclusions of the Johannesburg summit emphasised the growing realisation, amongst those who are responsible for development cooperation, that a higher priority should be given in future to the role of energy in enabling poverty eradication and sustainable development. The Johannesburg Renewable Energy Declaration added a commitment to increase the share of RES in global energy supplies. Therefore, in negotiating and monitoring the implementation of COOPENER actions, the Commission will ensure close co-ordination and linkage with any relevant initiatives implemented through other Community policies and instruments (for example those managed by the DG's for Development, External Relations, EuropeAid, JREC and the local EC delegations).

One of the key objectives of a COOPENER action should be to strengthen the existing capabilities in developing countries, so that those responsible will be better placed in future to specify their

sustainable energy requirements and to establish sustainable energy strategies, policies, legislation, plans, programmes, projects and financing arrangements to attract investment.

Priority under the COOPENER Key Actions will be given to activities which are focused on the provision of energy services for poverty alleviation and sustainable development of poor people in developing countries. In particular, priority will be given to projects which are associated with the Partnerships that are being formed between the EU and developing countries through the "EU Energy Initiative for Poverty Reduction and Sustainable Development" and through the JREC. It follows that all actions to be supported under the COOPENER key actions should be fully consistent with the poverty reduction strategies, sustainable development strategies, and related policies of the developing countries concerned.

An adequate level of effort is clearly needed in any given developing country or region in order to achieve a significant impact, so each Call for proposals will be focused on a limited geographical area within the geographical scope of the COOPENER programme (Africa, Asia, Latin America and the Pacific). In addition tenders may be used for some actions in developing countries that result from partnership agreements between these countries and the EU.

Recognising that support under COOPENER actions cannot be used to finance the provision of hardware or feasibility studies for specific investment projects, two key actions have been identified for support under COOPENER as follows:

- Energy policies, legislation and market conditions for enabling poverty alleviation in developing countries
- Strengthening local energy expertise in developing countries

2.3.1 VKA11 – Energy policies, legislation and market conditions for enabling poverty alleviation in developing countries

The immediate objective of this KA is to strengthen the existing local capacities in the fields of energy policy and regulations, with a view to assisting local, national or regional energy policy makers and regulators to create favourable market conditions for the provision of energy services that can be used to alleviate poverty in rural, urban and peri-urban areas of developing countries. The results of such actions should make it more attractive and easier for local actors, including the private sector, to mobilise investments in the provision of sustainable energy services for health, education, housing, and wealth creating activities for the energy poor, for example to provide sustainable power for lighting, communications, water pumping, and wealth creating machinery, as well as sustainable heat for cooking, and the heating and cooling of buildings.

The Target areas to be dealt with under this key action are:

- The energy policy chain, from development to promotion and implementation
- Pro-poor energy regulations, addressing sustainability, targets, and decentralised generation
- Energy planning for urban, peri-urban and rural areas
- Financing, investments and support schemes for energy sector programmes and projects, with particular emphasis on SMEs

- Promoting best practice in energy services to meet the needs of the poor

2.3.2. VKA12 – Strengthening local energy expertise in developing countries

The objective of this Key Action is to promote and support initiatives in developing countries, which will help to build a critical mass of human capital with up to date knowledge and expertise in energy policy making, energy regulations, energy planning and project financing, as well as in the latest technologies and best practices available for improving the efficiency of energy use, and for increasing the use of renewable energies. Priority will be given to those initiatives which are focused on tackling the poverty agenda through the provision of sustainable energy services for lighting, communications, water pumping, education, health, and wealth creating activities.

Such expertise will be needed for many years to come in the public sector for the development and management of energy policies, regulations and programmes as well as in the private sector for the local development and deployment of energy technologies and services.

The Target areas to be dealt with under this key action are:

- Training and networking for energy policy makers, regulators, and planners
- Training, networking, mobility and study tours for energy professionals
- Strengthening existing Energy Centres, Agencies and Industry Associations

2.4. Horizontal Key Actions

The Horizontal Key Actions are, by nature, transsectoral, covering several fields without one field being more dominant than the others. The two Horizontal Key Actions “Sustainable Energy Communities” and “Think globally, act locally” have as a main objective the integration of actions addressing Renewable Energy Systems and Rational Use of Energy in several sectors.

The other three Horizontal Key Actions, “Financing mechanisms & Incentives” and “Monitoring & Evaluation” and “Dissemination & Promotion” have more the character of accompanying actions. They are designed to complement activities under the Vertical Key Actions. However, since important issues such as financing, monitoring, evaluation and dissemination are often relevant to all fields, an additional horizontal approach has been chosen.

As regards the two Key Actions “Financing mechanisms & Incentives” and “Monitoring & Evaluation”, these will firstly include the horizontal and truly cross sectoral actions. Secondly, for the purpose of transfer of know-how and exchange of experiences and the visibility of these horizontal issues in the vertical key actions, they will also include financing/monitoring actions submitted under specific Vertical Key actions.

2.4.1. HKA1 – Sustainable Energy Communities (SEC)

The Rio summit established the concept of local sustainable development plans known as AGENDA 21. In conjunction with EU Energy policy and legal initiatives, and with an aim to achieve our commitments (e.g. improved security of energy supply, 22% share for RES electricity, reduction of energy intensity by 18%, greater use of biofuels for transport, reduction of CO₂ emissions by 8%), it is intended to support the emergence of pioneer sustainable energy communities. These local energy communities can pioneer the application of integrated measures required to attain our global commitments and can become showcases for the dissemination of those concepts around Europe. Given their showcase character, sustainable energy communities must aim to reach objectives much beyond the global EU objectives.

Sustainable Energy Communities (SEC) can be defined as:

Local communities in which politicians, planners, developers, market actors and citizens actively co-operate to demonstrate and develop high degrees of decentralised energy supply, favouring renewable energies as sources, together with a conscientious application of energy efficiency measures in all end-use sectors.

This horizontal key action deals with energy within society. Advanced societies search to adopt an integrated pattern and infrastructure that is respectful of social patterns and the environment, and care in a sustainable way for the future. The integration of all elements is a complex issue and needs showcases of manageable size which give indications on how to approach larger units.

The target areas of this Key action correspond to three main axes; the local policy making, the local energy citizenship and the local energy market. These are axes along which a sustainable energy community has to develop in order to achieve its energy policy objectives. All three are closely interrelated, and they should all contribute to achieving common objectives in a balanced way. The potential in having top-motivated policy makers and citizens enthusiastic for RES and RUE, cannot be fully exploited if there are no suppliers of products and services available in the same local market. By stimulating the three different axes in order to achieve the balance between them, the optimum exploitation can be achieved. SEC projects should aim for significant improvement of the existing levels of RES and RUE and prepare the way for large scale investments¹⁴.

The Target areas to be addressed are:

- Promoting “energy citizenship” and mobilising local energy actors
- Local community planning for the efficient use of RES and conventional energy, demand side management and associated mobility
- Establish favourable conditions for local energy markets and -services to reach a critical mass

¹⁴ Demonstration of high performance communities is a priority within the 6th Framework Programme for Research, Technological Development and Demonstration activities, in the CONCERTO initiative. This CONCERTO initiative aims at encouraging local communities to increase the percentage of RES in their energy supplies and to make substantial progress in improving their energy efficiency. Projects which are supported through CONCERTO have a major emphasis on hardware demonstrations, and require substantial investments in innovative technologies and technology integration. For further information about CONCERTO see http://europa.eu.int/comm/dgs/energy_transport/rtd/concerto/index_en.htm.

2.4.2. HKA2 – Think globally, act locally

Citizens behaving in an energy conscious and environmentally responsible way are the most important implicit element of any energy policy. Therefore the broad objectives of this Key Action are to demonstrate the feasibility and need for local action as one major element to achieve the energy and environment objectives of the European Union. This should be fulfilled by fostering actions aimed at inducing a change in present behaviours and in encouraging the installation and use of efficient and renewable technologies by local end-users.

The Key Action seeks to achieve better efficiency in the implementation of local actions by local actors (such as local and regional authorities, citizens, interest groups, NGOs, chambers of commerce, associations) through providing support to existing local & regional agencies in various ways: training, exchange of experiences and good practice, development of joint actions, benchmarking, provision of European added value to local actions, operation of thematic networks of agencies, European meetings, including annual general meetings of agencies dealing with local action. In particular it is intended to create a virtual European facility for agencies and a central service provider, through a dedicated call for tenders with the ManagEnergy logo.

The Key Action seeks to provide support for the creation of new local & regional energy management agencies where it is deemed necessary and convenient, and there is a clear commitment by the local authorities to support such infrastructure in the long run. Priority will be given to the creation of agencies in Candidate countries, where there is a shortage of such basic infrastructure. The creation and, when appropriate, reinforcement of national associations of agencies is also considered a necessary element to ensure a basic infrastructure for local action with a European dimension.

The Key Action will support a high level reflection group, consisting of representatives of all major stakeholders in local action in the energy field. This reflection group will recommend future action, monitor progress, act as a catalyst for communication with individual local actors and maintain a continuous dialogue with the European Commission on local implementation of RES and RUE.

The Target areas to be addressed are:

- ManagEnergy: the facilitating instrument for local energy activities
- Support for the creation of local and regional energy management agencies and for the operation of national associations of agencies
- Think globally: Community added value (Reflection Group)

2.4.3. HKA3 – Financing mechanisms & Incentives

Financing is often a critical issue in relation to RES and RUE. A key problem is that current energy prices do not reflect all the costs of energy. The characteristics of some investments, particularly on the demand side, are cost-effective over the lifetime of the investment but have comparatively long pay-back times acting as a disincentive to potential investors. Another barrier for RES and RUE investments is often their small scale, compared to investments to conventional energy supply-side investments, which make them less attractive to financing institutions. Some market actors also lack access to financial resources.

Different types of financing measures have been developed and applied in the past. These range from traditional subsidy schemes, through tax relief and exemptions to more innovative schemes such as third party financing and energy performance contracting. Previous work has also looked at the creation of Energy Service Companies or investment funds for energy efficiency and renewable energy sources, as well as at incentive schemes related to Demand Side Management measures (Third-Party Financing, Energy Performance Contracting). This Key Action aims to build on these previous experiences. It will also encompass supportive work for incentive schemes under a broader scope such as the Flexible Mechanisms under the Kyoto Protocol.

The objectives are to analyse the impact of existing financing instruments and identify key factors for their success and failure, to facilitate the development of innovative financial schemes tailor-made for the financing of RES and RUE, the promotion of successful existing and newly developed schemes, and a regular and targeted exchange of experience of all stakeholders. The Target areas to be addressed are:

- Cross-country analysis of different financing mechanisms
- Development and promotion of innovative financing instruments and incentives schemes for RES & RUE investments
- The right to fair competition
- Platform/Forum for exchange of experience on financing mechanisms & incentives

2.4.4. HKA4 – Monitoring & Evaluation

RES and RUE policy initiatives on EU and national levels rely more and more on quantitative targets and concrete objectives. Consequently monitoring and evaluation of these policies and measures become of increasing importance. Activities such as ODYSSEE, MURE and EURO-Barometer as well as the development of methodology and instruments for policy monitoring have been supported in previous programmes. The activities in the EIE programme regarding monitoring and evaluation will cover a range from project level up to the level of monitoring the implementation and evaluating the effectiveness of community policy. Where appropriate, these activities will be co-ordinated with Member States in order to encourage the use, as far as possible, of harmonised approaches and methodologies. The Key Action will also address the modelling of future trends and policy impacts.

The general objective is to assess as well as forecast the effects and effectiveness of different measures and policies to increase the contribution of RES and RUE and help to fulfil European energy and climate change policy and to meet the respective objectives. Activities under this key action should help to promote RES/RUE activities by contributing to:

- a better understanding and knowledge of the benefits and costs of different RES/RUE policies and measures as well as of different investments in energy efficiency and renewable energy sources;
- improvement of the design of RES/RUE activities, by providing lessons from experience e.g. promising combination of tools and key factors for implementation which will allow a better tuning of activities to the various implementation levels.

This key action aims to raise the profile of monitoring and evaluation in itself and to achieve a higher standard of “applied methodological” knowledge in the energy sector and among its key actors. This will contribute to the establishment of a “monitoring and evaluation culture” and aid the further development of existing methods and concepts for monitoring and evaluation that go beyond the traditional economic analysis and to include:

- Social issues, such as quality of life of citizens at home, in their journeys to work, and resulting from the better “natural” performance of buildings and transport systems
- Cultural issues defining types of action associated for example to traditions and meteorological conditions.
- Behavioural aspects of citizens, SME’s and related organisations, such as municipalities, public transport companies, architects.
- Governance issues, such as helping to make citizens more active in the fields of RES/RUE.

The Target areas to be addressed are:

- Monitoring and evaluation of different RES/RUE policies and measures
- Methods, indicators and modelling of future trends and policy impacts
- Platform for exchange of experience on monitoring & evaluation

2.4.5. HKA5 – Dissemination & Promotion

The aim of this Key Action is to ensure that the results of the actions supported by the programme are widely disseminated across the EU, and that the programme itself becomes widely known and appreciated. This Key Action is designed to complement the dissemination and promotion activities included in each of the activities supported by the EIE programme and is not substituting for the dissemination activities of the single projects.

Promotional activities under this Key Action will involve the dissemination of information through a wide range of means, including publications, web sites and other IT-tools, videos, workshops, and conferences. Some of the dissemination activities are foreseen to be jointly funded by the Commission and other actors, while the majority of the activities would be 100% funded by the Commission.

The activities will be focused on the following Target areas:

- Dissemination of project results (mainly via Call for Tender)
- Dissemination of sector best practices (mainly via Call for Tender)
- Dissemination of the EIE programme and its achievements (only via Call for Tender)
- Public Awareness Campaign for an Energy Sustainable Europe (only via Call for Tender)

3. Rules for programme implementation

Chapter 3 specifies the rules for implementation of the EIE programme¹⁵, except for the eligibility, selection and award criteria which are spelled out in chapter 4. Chapter 3 contains a description of the two means of programme implementation (grants and procurement) and the related funding arrangements as well as general participation rules and major contractual provisions for grants (for example: the Community's financial contribution, publicity, ownership of knowledge, use and dissemination of results).

3.1. Principles for programme implementation: Grants and Procurement

The implementation of the programme is based on two means of implementation: grants and procurement, as laid down in the Financial Regulation applicable to the general budget of the European Communities¹⁶ and its implementation rules¹⁷.

The following table describes and compares the major characteristics of each of the two means of implementation. With about 85% of the operational budget implemented as grants, these will be the most important means of implementation for the EIE programme.

¹⁵ referring to Art. 5(2b, 2e-g) of the programme Decision

¹⁶ Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities, OJ L 248 of 16.9.2002, p 1-48.

¹⁷ Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities, OJ L 357 of 31.12.2002, p 1-71

Table 4: Major features of grants and procurement

GRANTS	PROCUREMENT
Subject	
promotion or encouragement of an action intended to help achieve an objective forming part of a European Union policy	acquisition of a good or a service, which the Commission needs for its own operation
Existence of a counterparty	
granting is of unilateral nature; no equivalent bond between the specific counterparts. Expenditure has generally to match conditions, such as the drafting of reports on the use of the funds; Commission has the right to control the use of the grant	Procurement is of bilateral nature; exchange of obligations between the two parties: one provides a good/work/service; the other (Commission) pays it
Initiative of the action	
generally with the beneficiaries of the grant, who either organize or launch an action, or propose to the Commission an action that this wishes to support	with the Commission, who defines precisely the terms of reference for the goods, works or services requested
Ownership of results	
with the beneficiaries of the grant, conceded to the Commission	with the Commission
Importance of the financial participation	
Part of the total cost (generally equivalent to 50% of this cost)	100% of the price
Methods for implementation	
Call for proposals (with few exceptions, see Financial Regulation)	Call for tenders according to EC procedures

3.2. General rules for the implementation of grants

Participation

Article 10 of the programme Decision states that participation in the EIE programme shall be open to any legal person¹⁸, public or private, established in the territory of the Member States.

The programme shall also be open to legal persons from Candidate Countries¹⁹ and EFTA/EEA²⁰ countries provided that;

- in the case of Candidate Countries, the relevant bilateral agreements between them and the European Community are concluded in accordance with the conditions laid down in the Europe association agreements, in the additional protocols relating thereto and in the decisions of the respective Association Councils, or,
- in the case of EFTA/EEA countries, the relevant agreements are concluded.

Grants may not be awarded to applicants who are, at the time of a grant award procedure, in one of the situations referred to in Articles 93 and 94 of the Financial Regulation.²¹

When launching a call for proposals a minimum number of participants and their place of establishment is determined as part of the eligibility criteria. The details are given in sub-chapter 3.3.5 and will be published in each call for proposals. This minimum number is a formal lower limit. Proposers should decide upon the number of participants on the basis of the objectives and the approach of the proposed action so as to best ensure European added value.

In the case of COOPENER additional minimum requirements are foreseen since organisations from developing countries cannot be participants (in the sense of a contracting party), and therefore will formally be subcontractors. Nevertheless, the participants from developing countries must have clear and substantial roles in the projects.

Community financial contribution

In general the financial contribution from the Community is governed by the principles of the Financial Regulation and the Implementation Rules of this Financial Regulation. It is based on the principles of transparency and equal treatment, co-financing and no profit making. Grants may not be cumulative or awarded retrospectively.

¹⁸ “Legal person” means any entity created under either the national law of its place of establishment, Community law, or international law, having legal personality and being entitled to have rights and obligations of any kind in its own name.

¹⁹ “Candidate country” means an associated State acknowledged by the Community as a candidate for accession to the European Union.

²⁰ “EFTA” means European Free Trade Association and consists of Iceland, Liechtenstein, Norway and Switzerland; “EEA” means European Economic Area and consists of Iceland, Liechtenstein and Norway.

²¹ So-called grounds for exclusion are e.g. bankruptcy, conviction of an offence concerning their professional conduct by a judgement which has the force of *res judicata*, serious breach of contract, etc.

The Community's contribution is provided as a grant to the budget established by the participants to carry out the action or project. In general, according to Article 4(2) of the programme Decision, co-financed actions or projects will be supported by the Community up to a maximum of 50% of the total costs of the action or project.²² The other minimum of 50% co-financing may come from the public and/or the private sector.

The Commission may increase the Community financial contribution to an action already under way in order to expand its scope to cover new activities which may involve new participants.

In general the Community's financial contribution will be paid in three tranches (advance payment, interim payment and final payment of the balance)²³. It should be noted that the Community contribution percentage represents a maximum possible rate since any project receipts must be taken into consideration in determining the total amount of the Community financial contribution.

Eligibility of costs

Total costs of an action as referred to in the programme Decision Article 4(2) must qualify as eligible costs for Community funding in accordance with the Financial Regulation. The conditions for eligibility will be set out in detail in the model agreement. In general, to be considered as eligible, costs must be

- connected with the subject of the agreement and they must be provided for in the estimated budget annexed to it;
- necessary for performance of the action covered by the agreement;
- reasonable and justified and they must accord with the principles of sound financial management, in particular in terms of value for money and cost-effectiveness;
- generated during the lifetime of the action;
- actually incurred by the beneficiary and recorded in his accounts in accordance with the accounting policies which are applicable for him and have made subject of the declarations prescribed by the tax laws and social laws applicable;
- identifiable and verifiable.

Direct costs

Typical type of costs directly related to the type of actions funded under the EIE programme would e.g. be costs of staff assigned to the action, travel costs of this staff, costs for subcontracting, for consumables or for workshops and publications.

Indirect costs

²² Within the maximum 50% funding of the total costs, personnel costs for coordination and management of the project team may be reimbursed up to 100% of the costs incurred, but shall not exceed 7% of the total eligible costs.

²³ except for Specific Support for Events (SSE) where there are a maximum of two payments (advance payment and final payment).

Furthermore costs of the action which in the respect of the definite conditions of eligibility above cannot be identified as being specific costs of the action directly related to its realization and being able to be the subject of a direct charge, but which can be identified and justified by the recipient and his accounting system as being incurred in relation to the eligible direct costs of the action (“indirect costs”) can be considered eligible on a case by case basis. In the absence of a detailed justification the Commission will accept the application of a flat-rate to a maximum of 7% of the direct eligible costs²⁴.

By way of exception, indirect costs shall not be eligible under a project grant awarded to a beneficiary who already receives an operating grant from the Commission during the period in question.

Non-eligible costs

Corresponding to the promotional character of the EIE programme – and different to the 6th Framework Programme for Research and Technological Development – costs for investments in new hardware or equipment for demonstration purposes (buildings, energy systems, etc.) are generally not eligible for Community funding²⁵.

Additionally the following other costs are not eligible: contributions in kind, return on capital, debt and debt service charges, costs for general marketing or product marketing, provisions for losses or potential future liabilities, other interest owed, doubtful debts, exchange losses, VAT, unless the beneficiary can show that he is unable to recover it; costs declared by the beneficiary in connection with another action or work programme receiving a Community grant, excessive or reckless expenditure.

Involvement of all market actors

Apart from the formal requirements stated above, the programme also seeks the active involvement of the relevant market actors needed to implement the proposed actions successfully.²⁶

SMEs have already been playing a vital role in the previous SAVE and ALTENER programmes (e.g. in 2002 more than 70% of the proposers of SAVE actions have been SMEs) and the EIE programme is continuing along that line. SMEs as well as applicants from remote/outermost regions are especially encouraged to participate in all the suggested key actions. The mid-term evaluation of the EIE programme will address the participation of SMEs as well as of the involvement of applicants from remote/outermost regions, and additional measures shall be undertaken for the second half of the programme if this proves to be necessary.

Referring to the Community’s commitment to gender mainstreaming²⁷ a balanced gender distribution among proposers is encouraged.

²⁴ see Art. 181 of the rules for the implementation of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities

²⁵ with few exceptions, e.g. in relation to the establishment of new local and regional energy management agencies or to some monitoring equipment, which might be eligible in a few cases.

²⁶ This is also emphasised in the “Detailed descriptions of the key actions” where a paragraph is included for each target area that aims to encourage (suggestions, not compulsory) certain types of participants to submit applications (e.g. consumer associations, groups of professionals such as architects, installers).

Agreements

The Commission shall conclude an agreement for each action to be granted. This agreement shall be drawn up in accordance with the provisions of the Financial Regulation (particularly its rules for grants), the programme Decision and this Work Programme, taking into account the characteristics of the actions under the EIE programme. The Commission will publish a model agreement on the website of the EIE programme.

The agreement shall establish the rights and obligations for all participants. It is established between the Commission and all participants. One participant will act as coordinator with additional responsibilities vis-à-vis the Commission (e.g. administration of the financial contribution from the Community). The implementation of the action or project shall be a collective responsibility of all participants. In agreement with the Commission, parts of the work might be subcontracted to third parties. The award of subcontracts shall be subject to public procurement rules, where appropriate.

Agreements shall only enter into force once they are signed by all beneficiaries. Generally, the agreement start date shall also be only after signature of the agreement.

Monitoring and evaluation of actions and projects

To enable close monitoring of Community supported actions and projects, agreements will contain regular reporting obligations. In general this will consist of progress reports, an interim report about halfway through the project, and a final report. The reporting frequency will depend on the type of action as well as its duration. Reports will have to be submitted in English in electronic and paper copies. Summaries of all projects will be requested for inclusion in the programme's project database (see below).

Each proposed action or project shall specify the expected results, distinguishing between direct outcomes at the end of the project and indirect impacts after the end of the project. Related to these expected results, performance indicators shall be identified and determined in quantitative and qualitative terms. These performance indicators shall form the basis for the monitoring and evaluation by the Commission of the results of the action or project.

The Horizontal Key Action "Monitoring & Evaluation" will support and enrich these activities.

Ownership, use and dissemination of results, and access to information

A key element of all EIE actions will be communication with target groups and dissemination of the project and its results to relevant market actors. Dissemination activities have been integrated into all recent SAVE and ALTENER activities and this will be continued and enhanced under the EIE programme. This requirement is anticipated in the award criteria (see chapter 4) and shall also be reflected in performance indicators (see above). In addition to this "bottom-up approach",

²⁷ defined as "the (re)organisation, improvement, development and evaluation of policy processes, so that a gender equality perspective is incorporated in all policies at all levels and at all stages"

activities regarding the valorisation of project results will also be strengthened within the Commission (“top-down approach”), e.g. via coordination with other Commission services, as explained in chapter 1.

The increased effort on the dissemination and valorisation of project results is also supported by the Horizontal Key Action HKA5 “Dissemination & Promotion”, which will mainly rely on calls for tenders to complement the dissemination activities carried out by beneficiaries.

Unless stipulated otherwise in the agreements, ownership of the results of an action or project, including intellectual and industrial property rights, and ownership of the reports and other documents relating to it shall be vested in the beneficiaries (i.e. participants). For COOPENER activities ownership will be expanded to include subcontractors from developing countries. Without prejudice to this, the beneficiaries shall grant the Commission the right to make free use of the results of an action or project as it deems fit, provided it does not thereby breach its confidentiality obligation or any existing intellectual or industrial property rights. The Commission is currently establishing a project database which will be publicly accessible from the website of the EIE programme and will facilitate access to project results. At the end of each programme year, a list of projects supported by the EIE programme will be published on its website.

The Commission and the beneficiaries undertake to preserve the confidentiality of any document, information or other material directly related to the subject of the agreement that is duly classed as confidential, if disclosure could cause prejudice to the other party. This obligation shall remain in force beyond the closing date of the action or project.

3.3. Implementation of grants under different types of actions

Related to grants four different types of actions will be used, namely:

- Type 1: General Actions (GA)
- Type 2: Support for the establishment of new local and regional energy management agencies
- Type 3: Specific Support for Events (SSE)
- Type 4: Concerted Actions with Member States and participating countries (CoA)

These types of action are described in more detail below. The basis for all four types of actions is the concept of a shared-cost action. Types 1, 2, 3 will be launched via call for proposals.

The Commission will publish a Call for Proposals in the Official Journal of the European Union (OJ) as well as on the website of DG TREN. The priorities for the different calls will be defined by the Commission in consultation with the Programme Committee²⁸ on the basis of the Work Programme. The Commission will prepare an information package for each Call for Proposals, which will also be made available via the internet.

²⁸ For the priorities of the different calls see also chapter 5 of this work programme.

The Commission may choose to undertake informal consultations on market needs prior to launching a Call for Proposals. This would be with the aim of assisting it in appropriately focusing the Call. Where appropriate, Calls for Proposals may involve a two-stage evaluation procedure. In this case, following a positive evaluation of an outline proposal in the first stage, the proposers concerned would be requested to submit a complete proposal in the second stage.

Proposers will be invited to submit proposals for a limited number of clearly focused priorities that are defined in the Calls and in the Work Programme in terms of Key Actions and Target Areas. Exceptionally, if well justified, proposals that meet the eligibility criteria but which do not directly respond to the priorities defined in the Call, will also be evaluated.

The evaluation process and the criteria applied during the evaluation are described in chapter 4.

3.3.1 Type 1: General Actions (GA)

The majority of grants will be General Actions, awarded following a Call for proposals. Typical actions that will be supported are:

- Capacity building (support to key market actors from experts, consultants or twinning)
- Networking of market actors (e.g. meetings, workshops)
- Promotion (e.g. conferences, exhibitions, marketing campaigns, competitions, workshops, websites, brochures)
- Education and training (e.g. dedicated courses and general education)
- Pilot actions for market transformation
- Analyses to prepare standards, policies and regulations (e.g. experts working for market actors)

as well as packages of the above-mentioned actions.

If a proposal is accepted, the Commission will share the cost of the project through a grant. The maximum of the grant will be 50% of the total cost. The level of co-financing will be considered as part of the evaluation of the costs and benefits of the proposal. Where the proposers have a clear commercial interest in the results of the activity, they may be expected to provide a higher degree of co-financing.

3.3.2 Type 2: Support for the creation of new local and regional energy management agencies

Based on Article 4 (2b) of the programme Decision, the EIE programme will also support the creation of new local and regional energy management agencies. Details, including priority areas for this creation are set out in the Horizontal Key Action „Think globally, act locally“, particularly in target area 2 and in the Call for proposals.

If a proposal is accepted, the Commission will share the cost of the project through a grant. The maximum of the grant will be 50% of the total cost.

3.3.3 Type 3: Specific Support for Events (SSE)

For cases, where a seminar or a conference is not part of a more comprehensive action under Type 1 but the sole activity, applicants may submit proposals requesting support for these events. Specific Support for Events will be small grants for non-profit activities of strong interest to the EIE programme. The maximum support offered as a Specific Support for Events is €40,000 and the funds provided may not exceed 50% of the total costs. To qualify for support, activities will need to demonstrate that they have a strong Community dimension. About 1-2% of the operational budget is foreseen for this type of action.

Specific Support for Events may be requested and executed by a single legal person.

3.3.4 Type 4: Concerted Actions with Member States and participating countries (CoA)

Concerted actions are designed as an instrument for supporting joint activities with several Member States “to provide added value as compared with measures taken by each Member State acting on its own” and “to make it possible to achieve an optimum combination of the various instruments at the disposal of both the Community and the Member States”, as outlined by the EIE programme Decision in Art 5(2e).

Activities undertaken as Concerted Actions differ from those undertaken under a Call for Proposals or a Call for tender in that they should respond to a need which is shared by the Commission and the Member States and the participating countries as well as falling within the objectives of the EIE programme. These activities will normally already be carried out at national level, but Community benefit is foreseen from performing them in a coordinated manner at EU level.

For such cases, a typical Call for Tenders or for Proposals would be inappropriate because there would only be one organisation in each Member State well placed to carry out the task. As such Concerted Actions meet the conditions laid down in Article 168 of the rules implementing the Financial regulation and the respective procedures will be applied. Concerted Actions will be performed by organisations nominated by the Member States and participating countries which take part on the CoA. The Commission has the role of coordinating this kind of action with the countries concerned.

The initiative for a Concerted Action lies with the Commission or with Member States and participating countries. Initiatives will be proposed directly to the programme Committee. After consulting the Committee, a Concerted Action will be allocated to a consortium composed of organisations designated by the countries participating in the Concerted Action, under the coordination of one member of the consortium. Only the additional costs arising from the coordination of the activity, together with other costs necessary to give the activity a Community dimension, will be eligible and will be 100% funded.

3.3.5 Overview of the major features of the different implementation and funding arrangements related to Types 1-4

The following table summarizes the major features of the four types of actions under the grant scheme.

Table 5: Comparison of four types of actions (Types 1-4)

	Type 1: General Actions (GA)	Type 2: Support for the creation of new local and regional energy management agencies	Type 3: Specific support for events (SSE)	Type 4: Concerted Actions (CoA)
Type of call / submission	Call for proposals with fixed closing date	Call for proposals with fixed closing date	Call for proposals with two closing dates per year	No call for proposals
Content of the proposed action	Fixed by the proposers on the basis of Key Actions and of priorities stated in the Call; not all Key Actions of the WP open in each CFP	Fixed by the proposers on the basis of the priorities stated in Horizontal Key Actions 2 and of priorities stated in the Call	Fixed by the proposers on the basis of Key Actions and of priorities stated in the Call; all Key Actions of the WP are open for SSE	Detailed by the proposers on the basis of agreement between Commission and programme committee
(Contd.)	Type 1: General Actions (GA)	Type 2: Support for the creation of new local and regional energy management agencies	Type 3: Specific support for events (SSE)	Type 4: Concerted Actions (CoA)
Typical actions	Know-how transfer, networking, pilot actions, best practice dissemination, etc.	Establishment of new local or regional energy management agency	Conferences, seminars	Joint activities of Commission and many Member States and EEA or candidate countries
Publication of call	published in the OJ and DG TREN	published in the OJ and DG TREN website	published in the OJ and DG TREN	Not applicable

	website		website	
Participants eligible to submit proposals	Public and private legal persons from EU, EEA and Candidate Countries ²⁹	Only local or regional public authorities from EU, EEA and Candidate Countries	Public and private legal persons from EU, EEA and Candidate Countries	Initiative with the Commission and the Member States
Minimum number of participants	<u>All but COOPENER:</u> 3 independent legal persons from 3 different countries <u>COOPENER:</u> 2 independent legal persons based in different EU Member countries or Candidate Countries ³⁰	2 independent legal persons from 2 different countries	1 legal person	Will be specified directly for each action
Principle for funding	Co-financing, no-profit	Co-financing, no-profit	Co-financing, no-profit	Co-financing, no profit
EU contribution	Max. 50% of total costs	Max. 50% of total costs	Max. 50% of total costs, never more than 40.000 EUR	Up to 100% of coordination costs
(Contd.)	Type 1: General Actions (GA)	Type 2: Support for the creation of new local and regional energy management agencies	Type 3: Specific support for events (SSE)	Type 4: Concerted Actions (CoA)
Approx. portion of operational	78 - 80%	Incl. in budget for general actions	1-2%	6-8%

²⁹ Exception: For COOPENER developing country based organisations must be employed as subcontractors.

³⁰ Additionally organisations from those developing countries (in Africa, Asia, Latin America or the Pacific) in which the actions are to be carried out have to be substantially involved.

³¹ Taking into account that 80-85% of the budget available for projects will be grants and 10-15% of the budget available for projects will be procurements.

EIE budget³¹				
Ownership of results	With the participants ³² ; Commission has the right to use	With the participants; Commission has the right to use	With the participants; Commission has the right to use	With the participants; Commission has the right to use

3.4. Implementation of procurement

Procurement (Calls for Tenders) will be used for the provision of studies and services required by the Commission to achieve the objectives of the EIE Programme. These are likely to include support, for example, in the fields of strategic studies, legislation, standards, communication and promotion, and public awareness campaigns. In the context of COOPENER, tenders may be issued for studies and / or services involving capacity building, training or related actions in developing countries that result from Partnership agreements between these countries and the EU. Where target areas of certain Key Actions are completely subject to Calls for Tenders this is explicitly mentioned in chapter 2 as well as in the document “Detailed description of the Key Actions”.

³² Exception: For COOPENER activities this ownership will be expanded to subcontractors from developing countries.

4. Eligibility, selection and award criteria

Chapter 4 outlines the evaluation process from submission of proposals to the awarding of agreements. It also specifies the criteria for “eligibility, selection and award” of proposals that will be applied during the evaluation process.³³

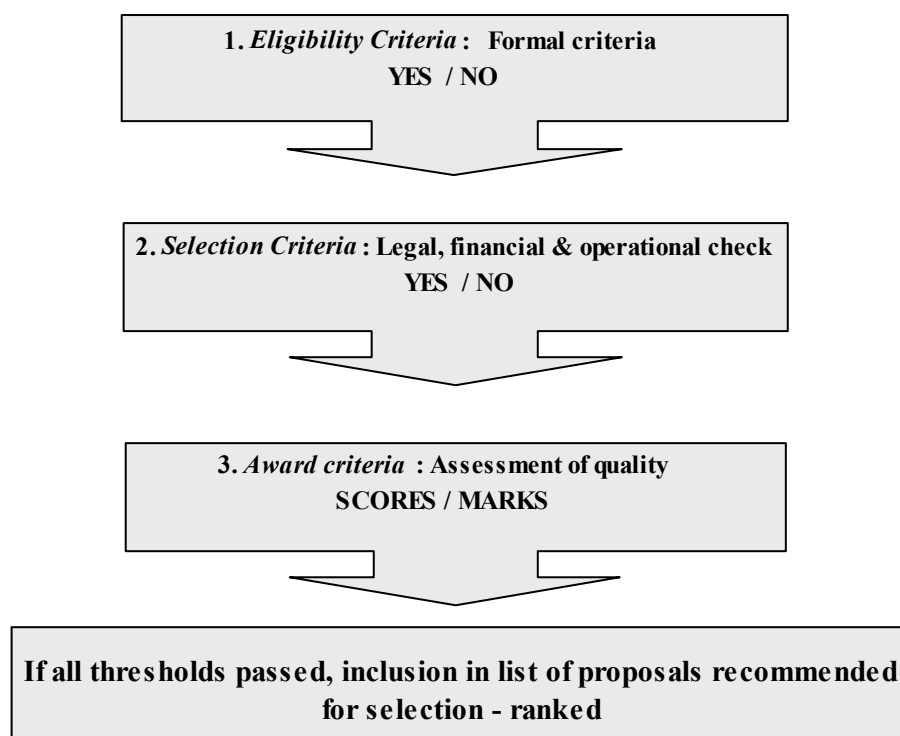
4.1. The evaluation process in general

The evaluation of proposals will be made by the Commission in accordance with Art. 116 of the Financial Regulation. For this purpose an evaluation committee will be formed. Projects and activities to be funded by the Community under the EIE programme need to meet a clear set of criteria and have to comply with the rules and procedures for proposal evaluation.

In principle each proposal has to fulfil a set of formal “eligibility criteria”. The proposal will be evaluated in detail only if these eligibility criteria are met. Unless otherwise specified in the call, proposals will not be evaluated anonymously. The evaluation will be divided into two steps: first compliance with a set of selection criteria is assessed and following this, the content of the proposal is assessed according to a set of award criteria. Marks will be given for each criterion and proposals meeting a defined minimum number of points will qualify for selection/funding. The results of the evaluation will consist of a list of proposals divided into those «Worth funding» and those «Not worth funding». The decision about the selection of a proposal will be made by the Commission on the basis of this list, subject to available funding. All submitted proposals are treated confidentially. This principle is upheld in all procedures. Immediately after the evaluation and selection procedure the programme committee will be informed about the results of this procedure.

³³ Details regarding the evaluation can be obtained from the “Guide for proposers”, which will be provided as part of the information package for applicants.

Figure 3: Simplified scheme for the evaluation process



4.2. Grants: Eligibility, selection and award criteria

The following section describes the eligibility, selection and award criteria for co-financed actions.³⁴ Details will be set out in the Call for Proposals and in the Guide for proposers, which applicants should consult when writing a proposal. The Guide for proposers will be part of the information package provided for applicants.

Eligibility and selection criteria

Eligibility and selection criteria both result in a “yes or no decision”.

Eligibility criteria relate to formal requirements of the call. They specify e.g. the use and completion of the application forms, the number of originals and copies to be submitted, the way of submission (paper and/or electronic submission), language requirements, the minimum number of participants and different countries involved, etc. The eligibility criteria will be described in detail in the call for proposals.

³⁴ For type 4 „Concerted Actions“ the eligibility, selection and award criteria will either follow rules and procedures for grant or for procurement, depending on the type of the action. They will thus be specified for individually each action according to the respective rules.

The Eligibility criteria will be checked by the Commission on receipt of proposals. Failure to comply with these will result in the proposal not being forwarded to the evaluation committee³⁵.

The selection criteria will be assessed as the first step by the evaluation committee. Selection criteria refer to the legal status as well as to the financial and technical capacity of the applicants. Failure to comply with these criteria will result in a proposal not being evaluated further by the evaluation committee.

The evaluation committee may ask an applicant to provide additional proof or to clarify the supporting documents related to the selection criteria, within a specified time limit.

Award criteria for Type 1 “General Calls for Proposals”

The following table indicates the five main award criteria that will be used for evaluating the General Calls for Proposals. The five criteria will carry an equal weighting within the overall assessment. A mark of over 50% will be required for each of the first four criteria while a mark of over 70% will be required for the last criterion (Organisation of the team). For a proposal to be classified as worth funding, the overall sum of the marks for all criteria should exceed 70% of the maximum total score.

Type 1 – Award criteria	
Award criterion 1	Quality of the action
	<ul style="list-style-type: none">– The extent to which the proposed action reflects the state of the art and builds on previous actions³⁶, in the context of the EIE programme objectives– the importance of the project aims in relation to EU policies, targets and legislation,– complementarity with relevant actions of/in Member States and participating countries– compatibility of the project goals with the needs of the key market actors– the quality and relevance of the expected results

³⁵ For further details regarding the evaluation applicants are referred to the “Guide for proposers”, which will be provided as part of the information package for applicants.

³⁶ The EC will make information on previous projects/actions available. Information on previous SAVE and ALTENER projects (from 1996 onwards) will soon be available from the EIE website via a publicly accessible project database.

Award criterion 2	Quality of the approach
<ul style="list-style-type: none"> – clarity of definition of the work packages and deliverables – appropriateness of the targets and indicators for success – quality of methodology – appropriateness of proposed approach to achieve goals – dissemination plan and tools to be used. 	
Award criterion 3a	Community added value (except COOPENER)
<ul style="list-style-type: none"> – benefits from carrying out the project at EU level. – EU dimension of the issues (including market barriers) to be tackled, and of the actions to be carried out – Appropriate geographical coverage of the project team – Transferability of the solutions developed to other parts of the EU 	
Award criterion 3b	Community added value (for COOPENER only), incl. the quality of EU / developing country cooperation
<ul style="list-style-type: none"> – Coherence with agreed development strategy for the developing country / region, including contribution to poverty alleviation and related development goals. – Coherence of the action with other EU (including EU Member States) actions in the developing country or region concerned, including links to the EU Energy Initiative. – Size and scope of the subcontracted input and degree of commitment from organisations based in developing countries (substantial involvement required) – Transferability of the results to other developing countries – Benefits from carrying out the work at EU level, and EU dimension of the project team 	
Award criterion 4	Costs and benefits
<ul style="list-style-type: none"> – Co-financing scheme, including proposed levels of co-financing – Appropriate costs for the various sub-tasks in the work programme – Appropriate costs per cost category, notably sub-contracting – Value for money – comparing the direct outcomes expected to result from the project with the costs and effort involved 	
Award criterion 5	Organisation of the Team
<ul style="list-style-type: none"> – Distribution and balance of effort between partners – Knowledge, expertise and relevant experience of the team – Presence of relevant market actors in the consortium – Management, including project management structure, work plan, co-ordination and project team communications 	

Award criteria for Type 2 “Support for the creation of new local and regional energy management agencies”

The following table indicates the five main award criteria that will be used for evaluating the proposals for the establishment of new local or regional energy management agencies. The five criteria will carry an equal weighting within the overall assessment. A mark of over 50% will be required for each of the first four criteria while a mark of over 70% will be required for the last criterion (Organisation of the team). For a proposal to be classified as worth funding, the overall sum of the marks for all criteria should exceed 70% of the maximum total score.

Type 2 – Award criteria	
Award criterion 1	Quality of the action
	<ul style="list-style-type: none">– Presentation and credibility (objectives, phases, timetable)– the quality and relevance of the expected results, in energy demand terms and in terms of the impact on sustainable development/environment– Operational role of the permanent staff, evaluation and control of performance– Commitment for the future of the agency after 3 years
Award criterion 2	Quality of the approach
	<ul style="list-style-type: none">– Clarity of the task definition and appropriateness of the targets and indicators for success– Partnership with neighbour agencies and national agency– Appropriateness of proposed approach to achieve goals– Dissemination plan and tools to be used.
Award criterion 3	Community added value
	<ul style="list-style-type: none">– Partnership with experienced agencies, networks and initiatives at European level.– European co-operation budget and actions– Transferability of the solutions developed to other parts of the EU

Award criterion 4	Costs and benefits
	<ul style="list-style-type: none"> – Co-financing scheme, including proposed levels of co-financing – Already ensured co-funding – Appropriate costs per cost category, notably sub-contracting, % of wages and direct costs of the agency – Value for money – comparing the direct outcomes expected to result from the project with the costs and effort involved
Award criterion 5	Organisation of the Team
	<ul style="list-style-type: none"> – Decision and orientation boards – Autonomy degree of the agency – Involvement of the elected representatives – Management, including project management structure, work plan, co-ordination and project team communications

Award criteria for Type 3 “Specific Support for Events”

The following criteria will be used for the evaluation of applications for Specific Support for Events:

Type 3– Award criteria	
Award criterion 1	Contribution of the action to furthering EU energy policies and goals
Award criterion 2	Quality of the action
Award criterion 3	Community added value from the action
Award criterion 4	Costs and benefits

For the subcriteria see type 1. They will carry an equal weighting within the overall assessment.

Award criteria for Type 4 “Concerted Actions with Member States”

For type 4 „Concerted Actions with Member States“ the eligibility, selection and award criteria will either follow rules and procedures for grant or for procurement, depending on the type of the action. They will thus be specified for individually each action according to the respective rules. In case of grants the criteria and their weighting will follow the one of actions of type 1.

4.3. Procurement: Eligibility, selection and award criteria

Eligibility, selection criteria and award criteria together with their thresholds and weightings will be defined in the Call for Tenders and the tender documents (terms of reference). Call for tenders and other procurement methods follow the Commission's standard procedures for public procurement.

5. Indicative timetable and indicative budget allocation 2003-2006

Chapter 5 shows the priorities for the call for proposals for 2003 and 2004 as well as the general planning of calls. It furthermore gives information about the programme's global budget as well as the indicative break down of this budget to fields and to grants and procurement. This call planning as well as the indicative allocation of the budget will also form the basis for the reporting on the programme implementation.

5.1. Planning of Calls

It is intended to launch at least three calls for proposals in the summer/autumn of 2003, 2004 and 2005. Calls for Tenders are expected to be launched at least three times (2003, 2004 and 2005). They will be launched as required to meet the needs of the Commission in the implementation of the programme.

The indicative timetable below shows the different priorities of the work programme proposed to be executed via Calls for Proposals in the first two years. There will be a mid-term review of the EIE programme at the end of the second year, which will take account of the projects under way and other activities undertaken, to establish whether there is a need for activities to be refocused in the second half of the programme. In view of this, the timetable contains no indications of priorities for the Call for Proposals in 2005.

Each Key Action will be open for submission of proposals at least once during the programme duration. For COOPENER Key Actions, it is intended to generally cover both Key Actions. Focus will be achieved by giving priority to geographical areas, which will be specified for each Call for proposals, e.g. in the first call for proposals this will be sub-Saharan Africa. Future geographical focus will be determined in discussion with the Inter-Service group taking into account progress with the EU Energy Initiative.

This timetable is intended for planning purposes on a global basis. The annual priorities will then be established each year in consultation with the programme committee. The annual priorities and the available budget for the respective year as well as the means of implementation will be adopted in an annual work programme.

Table 6: Proposed priorities for the Calls for Proposals 2003 and 2004 – Vertical Key Actions

Field	Vertical Key Action	2003	2004	2005
SAVE	VKA1 Multiplying success in buildings	X		Priorities not yet decided
	VKA2 Retrofitting of social houses		X	
	VKA3 Innovative approaches in industry	X		
	VKA4 Energy efficient equipment and products		X	
ALTENER	VKA5 RES-Electricity	X		
	VKA6 RES-heat	X		
	VKA7 Small scale RES applications		X	
	VKA8 Alternative vehicle propulsion		X	
STEER	VKA8 Alternative vehicle propulsion		X	
	VKA9 Policy measures for an efficient use of energy in transport		X	
	VKA10 Strengthening the knowledge of local management agencies in the transport field	X	X	
COOPENER	VKA11 Energy policies, legislation and market conditions for enabling poverty alleviation in developing countries	X	X	
	VKA12 Strengthening local energy expertise in developing countries	X	X	

Table 7: Proposed priorities for the Calls for Proposals 2003 and 2004 – Horizontal Key Actions

Field	Horizontal Key Action	2003	2004	2005
SEVERAL	HKA1 Sustainable energy communities		X	Priorities not yet decided
	HKA2 Think globally, act locally	X	X	
	HKA3 Financing mechanisms & Incentives	X	X	
	HKA4 Monitoring & Evaluation	X	X	
	HKA5 Dissemination & Promotion*			

* = mainly via Call for tender

5.2. Indicative budget allocation

According to the programme Decision, the overall financial framework of the programme is 200 Mio Euro³⁷ with an indicative allocation between the fields of 69,8 Mio Euro for SAVE, 80 Mio Euro for ALTENER, 32,6 Mio for STEER and 17,6 Mio for COOPENER. A small part of the overall budget will be used for the management of the programme (e.g. to cover the costs related to programme's promotion material, evaluation assistance, meetings of beneficiaries).

As it was announced by the Commission in its proposal for a decision on the "Intelligent Energy – Europe" programme³⁸, the Commission intends to create an executive agency to carry out certain tasks related to the management of the programme, on the basis of the Council Regulation of 19.12.2002³⁹ laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes. The agency operating budget shall be drawn from the programme budget in the form of a Community grant.

The indicative distribution of the budget available for grants and procurement takes into account the allocation given by the programme Decision as well as the structure of the work programme in vertical and horizontal key actions. All of the following are approximate figures on the basis of a financial framework of 200 Mio Euro, which does not reflect the expected increase of budget due to enlargement and associated countries.

It is envisaged to spend approx. 75-80% of the budget allocated to grants and procurement on activities under the Vertical Key Actions of SAVE, ALTENER, STEER and COOPENER and approx. 20-25% of the budget allocated to grants and procurement for activities under the Horizontal Key Actions.

Table 8: Approximate distribution of financial framework between Vertical and Horizontal Key Actions

Field	Vertical Key Actions	150-160 Mio €
SAVE	51-55 Mio €	
ALTENER	59-63 Mio €	
STEER	24-26 Mio €	
COOPENER	17,4 Mio €	
Field	Horizontal Key Actions	36-45 Mio €
ALL	36-45 Mio €	

³⁷ This amount does not yet include contributions from Candidate Countries or EEA countries nor from enlargement from 2004 onwards. Contributions from enlargement are estimated to be around 50 Mio Euro.

³⁸ COM(2002)162 final/2 of 23.4.2002

³⁹ Council Regulation (EC) No 58/2003, OJ L11 of 16.1.2003, p.1

Calls for Proposals will be the major means for implementation of the programme. It is envisaged to spend about 85-90% of the operational budget for the award of grants and about 10-15% for procurement via Calls for tenders. Budget ranges have been chosen to indicate the orders of magnitude and also to keep flexibility, in particular at the beginning of the programme.

With regard to the Calls for Proposals, it is planned to distribute the remaining budget for Calls for Proposals for the years 2004-2006 equally between the Calls for Proposals to be launched in 2004 and 2005.