



reflection group

Submission from the ManagEnergy Reflection Group

GREEN PAPER on Energy Efficiency or Doing More with Less

Chairman (2006)
ManagEnergy Reflection Group:
Mr Roman Doubrava

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Contact details:
*Mr Roman Doubrava
Energy Centre Bratislava
Ambrova 35
SK-831 01 Bratislava
Slovak Republic
T: +421 2 593 000 91
F: +421 2 593 000 97
doubrava@ecb.sk
www.managenergy.net/refgrp*

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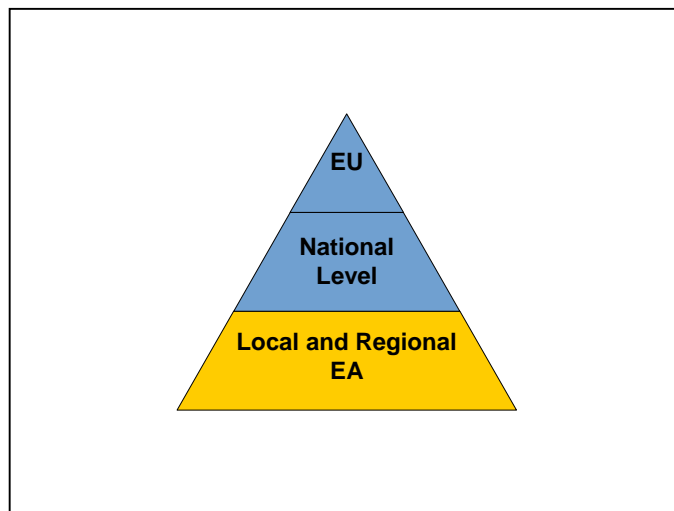
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Executive Summary

- The ManagEnergy Reflection Group (MERG) strongly supports the Green Paper on energy efficiency. The full implementation of its objectives and the creation of an energy efficient framework for local and regional economic development and environmental quality are our priorities
- In particular, the local and regional stakeholders represented by MERG welcome the emphasis placed by the European Commission upon rapidly translating this Green Paper into concrete action
- But, the Reflection Group is disappointed that action at local and regional level is given very little attention in the Green Paper.
- The potential of the local and regional authorities, and the energy agencies at this level, must be fully captured in order to meet the targets of the Green Paper. Local and regional energy agencies provide unbiased information, organize trainings, carry out campaigns and offer energy-efficiency services. Due to their close engagement with consumers (individuals, SMEs and administration), multipliers (e.g. media, schools and citizens' groups), business (e.g. retailers, installers, utilities) and with local decision makers, the agencies are ideal partners in an efficient use of energy in day to day life.
- There is an urgent need for a clear top-down signal to the city and county level, giving positive recognition and value to energy efficiency/demand-side management actions by local authorities and local energy actors
- Energy efficiency in buildings represents a local competence and, therefore, the local energy agencies are well-positioned to help stimulate energy efficient improvements in buildings. The local energy agencies are independent, they can work in the open market and their EU connection gives them good credibility
- The full transposition of new European Directives by Member States must not delay implementation of key elements of the Action Plan. The local and regional actors who can respond most rapidly must be clearly identified and included in the plan. For example, many local energy agencies are already certifying municipal buildings and providing training and information to architects and building owners, ahead of the full transposition in the Member States of the Energy Performance of Buildings Directive
- The Intelligent Energy – Europe (IEE) programme is welcomed by the Reflection Group as a valuable instrument for facilitating the proper implementation of the Green Paper in practice. It is contributing to regional competitiveness, employment and innovation. The local energy agencies, through their good connections with the local small enterprises and local authorities, can act as effective multipliers to the IEE programme, providing locally-adjusted information on good practice demonstration projects

- Energy demand-side management and public information and awareness campaigns have some gaps with regard to localization of the campaigns. Additional localized public awareness campaigns are recommended– in close collaboration with the Sustainable Energy Europe Campaign, 2005-2008
- The Reflection Group requests that the following recommendations be considered for inclusion in the proposed concrete Action Plan:
 - Greater recognition of local and regional energy agencies
 - Integration of the regional and local level into European and national energy policy
 - Additional sources of financing and easier access to existing funds for local and regional energy agencies



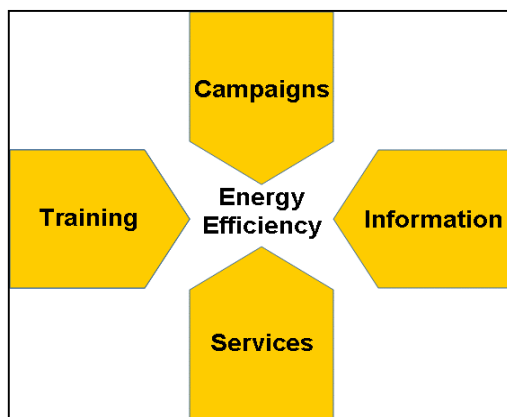
Energy efficiency targets are not to be met without regional and local energy agencies

1. Introduction

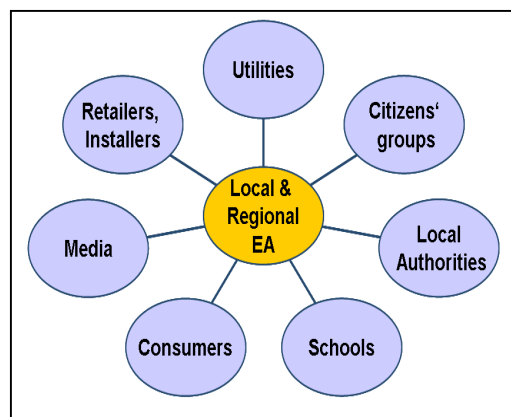
The ManagEnergy Reflection Group (MERG) strongly supports the Green Paper on energy efficiency. The full implementation of its objectives and the creation of an energy efficient framework for local and regional economic development and environmental quality are our priorities.

In particular, the local and regional stakeholders represented by MERG welcome the emphasis placed by the European Commission upon rapidly translating this Green Paper into concrete action.

The ManagEnergy Reflection Group is made up mainly of representatives from local and regional energy agencies and other local actors, through their associations and networks. There are about 330 local and regional energy agencies in the EU25 and candidate countries. Two-thirds of these agencies were founded under the EU 'SAVE' programme, in partnership with the relevant local and regional authorities. Thus, the Reflection Group expresses the representative views of most of the key local stakeholders in energy efficiency and they, in turn, are at the level of government closest to the citizens of Europe.



Local and regional energy agencies provide unbiased information, organize trainings, carry out campaigns and offer energy-efficiency services.



Due to their close engagement with consumers (individuals, SMEs and administration), multipliers (e.g. media, schools and citizens' groups), business (e.g. retailers, installers, utilities) and with local decision makers, the agencies are ideal partners in an efficient use of energy in day to day life.

This document sets out our views on the Green Paper and, in particular, our views on the seven (of the 25) questions for debate on which the Reflection Group is most competent. It identifies some gaps in existing measures for energy efficiency and correlates these gaps with the unique strengths of local and regional energy agencies in filling the gaps. Our recommendations for concrete actions are set out in the Action Plan.

2. Comments on the questions for debate

(Related to 7 of the 25 questions in Green Paper)

2.1 Question 6: *Public authorities are often looked to for an example. Should legislation place specific obligations on public authorities, for example to apply in public buildings the measures that have been recommended at Community or national level? Could or should public authorities take account of energy efficiency in public procurement? Would this help build viable markets for certain products and new technologies? How could this be implemented in practice in a way that would promote the development of new technologies and provide incentives to industry to research new energy efficient products and processes? How could this be done in a manner that would save money for public authorities? As regards vehicles, please see question 20.*

Local Authorities represent an enormous potential for energy efficiency, both in their own energy use (public buildings, street lighting, pumping stations and own vehicle fleet, etc.) and also through their influence on local planning and development, buildings control and traffic management. But much of this potential remains largely untapped.

Local Authorities are generally supportive of energy efficiency concepts and climate protection, but many of them operate within severely restricted budgetary constraints. Also, they must also give high priority to essential services, such as fire brigade, water supply and waste water.

There is an urgent need for Local Authorities to receive a clear, positive, top-down signal from those departments at Member State and EU levels whose top priorities include energy efficiency. Obligations, e.g. on public authorities for energy efficient procurement and the application of energy efficiency measures are one possible way to achieve this goal.

The potential of the local authorities, and their energy agencies, should be more fully captured in the action plan, with a clear definition of their role and value.

2.2 Question 7: *Energy-efficiency funds have in the past been used effectively. How can the experience be repeated and improved? Which measures can be adopted usefully at:*

- *International level*
- *EU level*
- *National level*
- *Regional and local levels?*

2.2.1 Intelligent Energy – Europe

The programme Intelligent Energy – Europe of DG Transport and Energy is a valuable instrument for facilitating the proper implementation of the Green Paper in practice. It is contributing to regional competitiveness, employment and innovation.

The local energy agencies, through their good connections with the local small enterprises and local authorities, can act as effective multipliers to the IEE programme, providing locally-adjusted information on good practice demonstration projects.

2.2.2 Public Service Obligations (PSO)

Under Article 3 of the Electricity and Gas Directives (2003/54/EC and 2003/55/EC, respectively):

'...Member States may impose on undertakings operating in the electricity (gas) sector, in the general economic interest, public service obligations which may relate to security of supply, regularity, quality and price of supplies and environmental protection, including energy efficiency and climate protection.'

Consumer levies, which are collected in some Member States by the energy supply companies under the PSO, are being used effectively for energy demand side management and for information campaigns.

But there are some gaps in the existing campaigns, particularly in reaching small enterprises and individual consumers. The main strengths of the local energy agencies concern the independence, the business approach, the networking capability and the agency staff skills (Ecuba Report 2005*).

It is recommended that the local energy agencies could do much more work to improve energy efficiency among small enterprises and individual consumers, if the agencies had the necessary additional funds.

While it is acknowledged that the public service obligations are the remit of the Ministers in the Member States and are generally executed by the Energy Regulators, a modest fraction of the public service obligation could be explored as a means of financing the energy efficiency work of the local energy agencies, particularly with regard to multiplying energy efficiency among small enterprises and individual consumers.

2.4 **Question 8:** *Energy efficiency in buildings is an area where important savings can be made. Which practical measures could be taken at EU, national, regional or local level to ensure that the existing Community buildings directive is a success in practice? Should the Community go further than the existing directive, for example extending it to smaller premises? If so, how could the appropriate balance be achieved between the need to generate energy-efficiency gains and the objective of limiting new administrative burdens to the minimum possible?*

The Energy Performance of Buildings Directive (2002/91/EC) is being transposed into national legislation by Member States. It is noted with concern that the latest date for transposition under Article 15 of the Directive, of January 4th 2006, has already passed and that the only countries to have reported full or partial transposition by that date are Germany, Italy, Portugal, Denmark, Lithuania, Belgium, Latvia, Poland and the Slovak Republic. Six of the remaining countries cannot state an expected date.

* *'Study on outputs, performance and future perspectives of SAVE agencies'* - Ecuba srl.
Service Contract for EC DG TREN No. TREN/04/EISave/S07.34282

The Reflection Group is disappointed with the progress of the Energy Performance of Buildings Directive and would suggest that local energy agencies, characterized by their small size, flexibility of operation and pioneering nature, can often respond to change more quickly than the large institutions of the state. Local agencies can act as agents of change in improving the energy efficiency in buildings, as some actions already taken show:

The Energie-Cites 'Display' Campaign, which aims at putting up energy performance certificates in public buildings has, at the end of December 2005, already entered 2,357 certified public buildings in 19 member states and candidate countries. Other projects, such as the BUDI project of the Intelligent Energy – Europe programme, are working to accelerate the uptake of the Directive and are also carrying out pilot certifications.

2.5 Question 10: *How can the impact of legislation on the performance of energy-consuming products for household use be reinforced? What are the best ways to encourage the production and consumption of these products? Could, for instance, present rules on labelling be improved? How could the EU kick-start research into and the subsequent production of the next generation of energy efficient products? What other measures could be taken at:*

- *International level*
- *EU level*
- *National level*
- *Regional and local level?*

It is recommended that the energy efficient appliances and products, listed below, should be identified by LABELS:

Appliances: Washers and dryers, refrigerators, freezers, dishwashers, ovens, stoves, electric irons, hair dryers and air conditioners

Products: Office equipment (computers, peripherals, etc.) motors and transformers, lighting, water heating, space heating

Building Components: Windows, walls, ceiling, roof, insulation and coatings

The eco-products Directive (2005/32/EC) is welcomed as a first step, but stricter enforcement will be required than was the case in the earlier boilers Directive (92/42/EEC), at least in some member states.

Local actors and energy agencies can accelerate the uptake of the Directive, with support from the Intelligent Energy – Europe programme by providing unbiased consumer information e.g. in online data bases on energy efficient appliances, in events and consumer consultancy hotlines and carrying out campaigns, e.g. for the exchange of inefficient light bulbs, boilers, TV etc. .

2.6 Question 12: *Public information campaigns on energy efficiency have shown success in certain Member States. What more could and should be done in this area at:*

- *International level*
- *EU level*
- *National level*
- *Regional and local level?*

The latest Eurobarometer (EB64) opinion poll on European Citizens' attitudes to energy problems shows that energy efficiency is a priority that is generally acceptable to everyone. What is missing is information – 43% of European citizens would require more information on efficient use of energy.

Public information services are currently being provided in certain member states. The programmes tend to be managed at national level, with leverage through utility companies and the local/regional energy agencies.

But the role of the local/regional energy agencies in providing unbiased information and offering training at a reasonable cost is not spelt out clearly.

Closely linked to public information services are public awareness campaigns. These have had success in certain targeted areas, such as promotion of low energy (CFL) light bulbs. But there are gaps in the existing public awareness campaigns, particularly in relation to small enterprises and individual consumers.

There is a need for additional public information and awareness campaigns which:

- (a) Offer unbiased information and are independent commercially, politically and technologically
- (b) Are localized in perspective and with locally relevant context, content, examples, language and idiom.

The unique strengths of the local and regional energy agencies are well matched to filling the above-mentioned gaps in the public information services and awareness campaigns. According to the Ecuba Report 2005*, the main strengths of the local and region energy agencies are as follows:

- Independent and capable of working in open market
- Non-profit but with business skills
- Flexibility and quick response
- Problem-oriented, not technically-oriented
- Ability to develop partnership with private companies
- Ability to develop partnerships across sectors
- EU connection gives positive image and credibility

It is recommended that additional local public information and awareness campaigns, managed by local and regional agencies, should be included in the Action Plan. These could operate in close collaboration with the new Sustainable Energy Europe 2005-2008 (SEE) Campaign.

2.7 Question 19. *Among the measures that could be adopted in the transport sector, which have the greatest potential? Should priority be given to technical innovations (tyres, engines...), particularly through standards defined jointly with the industry, or to regulatory measures such as a limit on fuel consumption of cars?*

* 'Study on outputs, performance and future perspectives of SAVE agencies' - Ecuba srl.
Service Contract for EC DG TREN No. TREN/04/EISave/S07.34282

The Managenergy Reflection Group considers a combination of more efficient, environmentally friendly transportation fuels, improvements in vehicle design, components, and materials as well as alternative transport concepts to be necessary for achieving energy efficiency in the Transport Sector.

In order to promote alternative vehicles and fuels, governments must enact regulations, laws, and incentives designed to reduce the number of vehicle miles traveled and to encourage businesses and individuals to purchase AFVs. Rules and regulations that require certain fleet types to purchase and operate alternative fuel vehicles must also be implemented. Furthermore, tax incentives can help individuals who buy alternative fuel vehicles.

Fuel consumption labeling by car manufacturers shall be fostered since it enables consumers to make an informed choice between various competing products, while providing carmakers with an incentive to design more energy efficient vehicles and overall promotes energy conservation.

A variety of approaches shall be promoted at local and regional level to slow the growth of vehicles on the road and the miles they travel. Carpooling (i.e. setting up high occupancy vehicle lanes), mass transit (bus, metro), telecommuting (working outside the traditional workspace, often from home, or establishing telework centers or satellite offices), "smart transportation" (transponders for automated payment of tolls or sensor and control technologies for automated traffic control) alternative transportation (biking-bike paths) and car sharing are just a few of the approaches that could contribute to a sustainable transportation future.

2.8 Question 22. *In certain member states, local or regional energy-efficiency project financing schemes, managed by energy-efficiency companies, have proven very successful. Should this be extended? If so, how?*

Third party Financing (TPF) has proven to be an efficient contractual instrument for the realization of an energy in a number of Member States.

The basis for the extension of successful applications is the exchange of good practices by ESCO's. . It has to be noted that experienced ESCO's are not easily encountered in various countries of the EU. It is important that political authorities (on national, regional and local level) are committed to enforce legislative measures in favour of promoting TPF schemes. A key factor for the success and replication of successful projects may also be found in accessible loans for companies interested in undertaking ESCO related activities.

Energy Agencies can play an important part in the development of innovative financial instruments for RES and RUE applications, by disseminating successful schemes to local actors such as banks, private contractors and regional administrations. Furthermore, through proper capacity building, some agencies may become more technically oriented and pursue ESCO type operations (i.e. energy audits, energy performance contracting) in cooperation with financial institutions and the local government.

3. Action Plan

Local and Regional Energy Agencies' Priorities for the EU Action Plan

- **Greater recognition of local and regional energy agencies**

In the Green Paper, local and regional energy agencies are mentioned mainly in two contexts: firstly as "communication channels" (dissemination of the Green Paper, supporting local authorities in the dissemination of best-practices) and secondly as recipients of EU funds.

The EU action plan should stress and recognize the important role of local and regional energy agencies as practical contact for political decision makers, business and consumers. Especially the activities of the agencies in the fields of information and training – both identified as core instruments in the Green Paper – should be pointed out. With their activities, local and regional energy agencies help to implement EU energy policy in the fields of energy efficiency in buildings, white goods and sustainable transport.

- **Integration of the regional and local level into European and national energy policy**

The Green Paper emphasises that only a combination of measures at various levels will allow to exploit the energy efficiency potential. Although equal importance of the regional and local level is quoted several times in the Green Paper, there is no clear suggestion of how the work of local and regional level should interlock with activities on national and European level.

Following the subsidiarity principle, those activities that can be realized in communities and regions, shall clearly be assigned to this level. To this end, Member States shall be required to show how measures on local and regional level will support the energy efficiency strategy, e.g. in their national energy efficiency action plans. The role of local and regional energy agencies shall clearly be pointed out in this context.

Where there are not yet any local and regional energy agencies in the New Member States, the creation of such agencies shall be fostered by the European Community in order to provide support for decentralised authorities.

- **Financing local and regional energy agencies**

Comprehensive and unbiased information and training provided by local and regional energy agencies cannot be made available at no cost. Local and regional energy agencies work, however, under severe budgetary restraints.

The small scale of their projects is hindering access to funds. The establishment a clearinghouse for financing small projects and an EU-working group on this issue proposed in the Green Paper seem good instruments to

tackle this problem. Energy efficiency funds which are designed also for small applicants (project size, low application costs) and easy access to EU-programmes will help the agencies to provide project-based funding.

However, most local and regional energy agencies lack core funding. Often, they depend on incalculable contributions by national energy agencies.

As far as local budgets are concerned, energy agencies have to compete with other local authorities' priorities (fire brigade, water supply, waste water etc.). In order to establish an independent and additional source of financing, a small share of the public service obligation or a similar levy should be allocated to the local and regional energy agencies for the development and management of energy demand management and public awareness campaigns.