

Reflection Group

Consultation of the ManagEnergy Reflection Group

On the need and opportunity for renewing the Community programme

“Intelligent Energy – Europe” in the period 2007-2013

1. Introduction

The members of the ManagEnergy Reflection Group have been asked by the European Commission to participate in the consultation of key stakeholders on the different possible configurations of the future Intelligent Energy Europe programme, as well as on alternative delivery options.

This consultation process commenced at the last meeting of the Reflection Group (Dublin, 4th May 2004), where the European Commission made a presentation under agenda item no. 5:

‘Intelligent Energy Europe – a successor instrument?’

and circulated the Discussion Paper:

‘Community programme “Intelligent Energy – Europe”. Should there be a successor of this programme after 2006? How should it be focused/structured/managed?, Brussels, 27 April 2004’.

This was followed by a discussion of the issue by the Reflection Group.

This submission by the Reflection Group represents the opinions of its members, based on the discussion at the Dublin meeting and follow-up input by e-mail. Individual members of the Reflection Group are also contributing to the consultation process through telephone interviews by the consultants, ECOTEC Research and Consulting Ltd., and through direct submissions to the European Commission.

2. Issues for local energy actors

- ***The changing nature of local & regional Energy Agencies in former EU15***

It has been pointed out that many of the local and regional energy agencies have evolved significantly since their initial set-up, and especially since the year 2001.

While maintaining much of the original ethos of the SAVE contract, the *modus operandi* of a growing number of agencies has shifted:

into a more business and market-orientated approach in the liberalised energy market

from the original more public service role during their SAVE contract period.

Agencies with well-developed business and marketing strategies have generally been more sustainable economically.

Ref 1: ‘Survival of the Energy Agencies’ Forli, Italy, 19th March 2004 (see video-recording at www.managenergy.tv).

Other operational structures also exist and, in many cases, SAVE agencies (or their staff) have been fully absorbed into the Local Authority structure where they also provide a valuable, *albeit* less visible, function. Others have found innovative ways to maintain and develop their activities and staff with little or no commercial activities.

The 10 case histories of successful local and regional energy agencies, presented at the recent workshop in Forli (*ref 1*), offer a valuable insight into how different agencies have adapted in order to become most effective in their operations.

- ***Energy Agencies in New Member States***

It has also been pointed out that evolution of the energy agencies in the former EU15 is not fully valid for energy agencies in New Member States, where there is an essential need to create more (new) energy agencies, built on the public service principle. Their later transformation into public-private partnership institutions should create the platform for sustainability and targeted mission. It has been suggested that the role of agencies shall be defined by regions, as agencies should play an intermediary role between policy and market. Provision of services of non-commercial nature (policy development, EE and RES potential analysis, dissemination and capacity building both in private and public sector) are of interest for the regions and for business. Therefore, such services provided by energy agencies should be the core for local EE and RES development.

- ***Focus on Local Energy Actions and funding***

It has also been pointed out that different communities require different types of energy actions and, furthermore, many municipalities do not have an energy agency and do not intend to create such a body.

The first focus should be on what the local energy actors have to do, and what we want to stimulate and encourage at that level, and then discuss what kind of funding is required. However, especially in New Member States (NMS), the newly established agencies should be funded by public grants, provided as seed capital. The new agencies will require a tutoring phase in the first 2-3 years from an experienced agency. In later stages of development, private funding could also be incorporated, after the targeted mission of agencies and needs of particular region are clear.

The majority of funds allocated within the EIE should be delivered by grants – especially in NMS as their economies are facing restructuring in all areas and private sector is (and will be) still not at the appropriate level for commercial funding. However, the proven and market-successful uptake of technologies could be partly financed through loans/subsidies.

Regarding the actions needed in the longer-term (up till 2013) in new member states, the following areas will play an essential role (listed in order of priority):

1. Capacity building, organisational strengthening and extensive awareness-raising on the regional and local level both in public and private sector. Strong networking among EU 25.
2. Policy development and strategic planning, based on point 1 above and with due regard for EU targets and Directives.
3. Demonstration of well-designed EE and RES technologies and methodologies, replication in wider scope, technology and know-how transfer.
4. “Hard” actions, investments supported by EIE.

3. Response to specific questions to stakeholders

- *The overall aim of the programme:*

Non-technological support for sustainable energy will definitely have a strong role to play in the period 2007-13, as the main obstacles we are facing are not technological ones. Some technologies are entering a more mature phase of the market and others are being driven firmly by regulation (either at a national governmental level or from EU Directives), but there will still be technologies requiring soft support measures. Social behaviour requires more time than technological changes and, for that reason, promotion and dissemination will still be necessary, especially taking into account the new member states. It is also suggested that the combination of support for “soft” and “hard” activities is good and will benefit both types of actions.

- *Programme structure:*

Broadly speaking, the aims and objectives stated for the programme are still appropriate. Certainly energy efficiency, new and renewable energy, clean and energy efficient transport and international co-operation will still be appropriate. In addition, there is a need for better integration of existing or more proven technologies into the mainstream markets, as well as “first market replication of just-proven technologies of European level interest”.

- *Beneficiaries:*

Reservations and doubts have been expressed about whether or not the proposed approach will help to stimulate a wider level of participation. Generally, it is considered that more will have to be done in order to substantially widen participation. Some suggestions to stimulate a wider level of participation include getting some member states (national scopes) inputs on the priorities /necessities that each different member state still needs to reach the “European level”. It has also been suggested that support for hard investments would be more effective in motivating industries, SMEs and financial institutions to participate more actively in the process.

- *Delivery:*

There is general agreement with the recommendation that the channel of intervention should be a Commission-led work programme, with due consideration given to a role for some local energy agencies to lead on delivery and accelerate uptake of best practice. Integration into other programmes is not recommended, but the design of the new programme can maximise synergies with other policies and programmes (e.g. regional development, competitiveness, social cohesion, etc.) not only to ensure that energy issues are incorporated in other programmes but also to ensure that other EU policies are incorporated into EIE-II.

- *Stimulating the demand-led approach:*

There is strong support within the Reflection Group for a number of targeted energy-related replication projects and this viewpoint is especially strong among the new member states.

A specific project supporting the development of marketing strategies, design and communication for new technologies and services has also been suggested. This will help to “bridge the gap that exists between the successful demonstration of innovative technologies and their effective entrance into the market” (p 4 of Discussion Paper).

This could be complemented (separately or combined) by information and activities focused on visualisation of existing and new technologies and services, good examples and independent advice and services.

With regard to “a first market replication of just-proven technologies of European level interest”, a thorough economic evaluation by the target market users and decision-makers is recommended. This will help to create the necessary references for the more pragmatic/conservative mainstream market, and thereby help stimulate further demand.

- *International co-operation:*

The Reflection Group has limited experience to date with the new COOPNER programme, but it has been suggested that international co-operation in the energy field might benefit from linkages with other forms of international co-operation, such as transfer of technology, developmental or environmental programmes which might be high priorities in third countries. It is suggested that the programme should support missions of experts from EU countries to spend several weeks in the third country collecting data, preparing projects and discussing with local decision makers how best to realise the projects. It has also been suggested that priority could be given to our neighbours in Russia and the rest of Eastern Europe and in the Mediterranean countries.

- *Budget:*

As an initial indication, €200M-€240M per year for EIE (excluding the budget for the Framework programme) is a realistic figure for a Europe of 25-27 members, but it is suggested that it be reviewed after the first assessment of the current (2003-2006) EIE. Some opposition is expressed against attempting to increase significantly the size of each project, rather than the optimal size for the project.

- *Your experiences:*

The experiences to date with EIE are necessarily limited, particularly with New member states, given that the first Call has just closed and we do not yet have any results.

However, a couple of specific practical comments are listed below:

- Where the Commission has a defined objective – for example to improve the skills base of Energy Agencies in Transport – then it should consider an alternative application procedure, where it defines the work programme and invites tenders for the delivery of the programme. The situation with STEER in the recent round of applications has been widely criticised by some agencies, as time contribution from participants in training events could only be counted in the project funding if all participants were named as partners (or sub-contractors). However, it was not practicable to have, say, 24 agencies in a single STEER project. Individual agencies were reluctant to commit to running a training event without any guarantee that other agencies would pay to attend the event.
- To improve the participation in the programme and to help all the interested actors (SMEs, NGO, local groups, etc) - taking into account language barriers and technological degree (internet access, EU experiences, etc) - it could benefit to create “national help desks” that could advise and stimulate the participation.

This submission is based on input from members of the ManagEnergy Reflection Group.

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