

## *Reflection Group*

### **ManagEnergy Reflection Group Minutes of the 11<sup>th</sup> Meeting**

**6 February 2006, 10.00 - 16.30  
Rue de Mot 24, Brussels, room 73 on the ground floor**

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#### **Agenda**

1. **Welcome by the chairman, minutes of last meeting, agenda** (Roman Doubrava)
2. **Opening remarks and news from the Commission** (André Brisaer, Rex Bailey)
3. **MERG strategic orientation and mid-term plan** (Boris Papousek)  
Final paper.
4. **Public roles of Local Energy Agencies** (Ian Byrne, Gian-Mario Varalda)  
Report on progress and further procedure
5. **Opinion Paper on the Energy Efficiency Green Paper** (Gerry Wardell, Kostas Konstantinou)  
Presentation of draft paper based on questionnaire and inputs given by MERG members
6. **Action on new member states and candidate countries** (Roman Doubrava)  
Final paper.
7. **Intelligent Energy Europe II – MERG Input** (Boris Papousek)  
Discussion, procedure to finalize the paper.
8. **Any other business**
  - ManagEnergy conference 7-8 February 2006
  - MERG expectations from the EU Sustainable Energy Awareness Campaign
9. **Closing remarks, next meeting**

*The meeting commenced at 1030 as fog had delayed some participants' arrival.*

## **1. Welcome by the chairman, minutes of last meeting, agenda**

Taking the chair for the first time, Roman Doubrava welcomed group members to Brussels, and thanked Boris Papousek for his efforts as chairman in 2005.

Roman Doubrava summarised the outcomes from the last meeting:

- The Strategic orientation and mid-term plan had been reviewed, and will be hopefully finished today.
- Further discussions had been held at about new member states.
- The group had agreed to try to increase co-operation with EnR, but has been unable to send a representative to their annual meeting at Dublin as it is being held tomorrow and Wednesday and clashes with this meeting and the Managenergy conference. Roman Doubrava will take part in a meeting in Poland in April discussing activities in central and Eastern Europe.
- Gerry Wardell had carried out a survey of attitudes to the Green Paper and the MERG view will be finalised today and presented tomorrow at the conference and on the Internet.
- Representatives from IEEEA attended and discussed ways of encouraging local and regional Energy Agencies to participate in the Intelligent Energy Europe programme.
- A new chair (Roman Doubrava) and vice chair (Ralf Goldmann) were appointed.

The agenda was agreed and it was noted that the key item is to finalise the MERG view on the Green Paper.

As there had been a number of changes within the group, brief introductions were made all round and all new attendees were welcomed. Ian Byrne was thanked for taking minutes and agreed to do so again while Ralf is incapacitated.

## **2. Opening remarks and news from the Commission**

André Brisaer reported that Matthias Ruete from Germany has been confirmed as the new director-general of DG-TREN. The new deputy director-general will cover all energy elements including both the supply and demand sides.

The consultation on the Green Paper will run until the end of March, after which time an Action Plan will be drawn up. The next ministerial summit, which will be held in Austria in June, is too soon for the Action Plan to be adopted given the need to carry out a full impact assessment, so it is likely to be released in the autumn.

Another Green Paper on security of supply, drafted mainly by the supply side of DG-TREN, will include a short chapter on energy efficiency and renewables but will cross refer to the green paper and the action plan on energy efficiency to ensure proper focus. This Green Paper is likely to be adopted by the Commission in around three weeks' time and will be made public a little later after it has been translated into all Community languages.

The draft 2006 work programme of Intelligent Energy Europe (first phase) was endorsed last Friday by the programme committee; the call for proposals is likely to be in the second half of May. Development of IEE2 (within the CIP - competition and innovation programme) is proceeding well. There have been big cuts from the initial proposals, like all other programmes, but the funding level is still about 30 per cent higher than today at around €75mn per annum (cf. €55mn pa today). The initial proposals had a large budget for replication projects; this may now be lost. It is intended to keep the IEE identity within the CIP despite that more emphasis is put on competitiveness, innovation and SMEs; at least one component part - COOPENER - is definitely

moving to DG-Development; the Commission also needs to define boundaries with DG-Research if replication projects become part of the IEE2 programme.

The energy services directive is nearly adopted - it is in translation and formal adoption is likely in early April. This will require action plans at the national level and the Commission would like to see a strong input from Energy Agencies - a bottom up approach. Bigger actors, such as utilities, will also have to show their commitment to saving energy and there should be an additional opportunity for agencies to work with them - and they may have more financing available to support new actions at local level.

The Commission adopted the Clean Vehicle proposals in December but these are likely to be limited in scope in part due to issues over public procurement rules.

Boris Papousek pointed out that although the IEE budget has increased by 30% we have 10 additional new member states so it is not as high as it may seem at first. André Brisaer agreed that there is a need to maximise impact, focus on the key issues, and not just to look at increasing the number of contracts by 30%. He also suggested that Agencies should not be worried by the fact that compulsory targets have been dropped in the Energy Services Directive as in the past Member States had to reach targets but those Member States missing them did argue that they were anyway only seen as being "targets" and not strictly enforceable limits.

Roman Doubrava asked if replication projects could cover investments in measures. André Brisaer said that in principle the answer is "Yes"; IEE funding, contrary to SAVE and ALTENER in the past, could also be available to cover investment in equipment in approved projects in addition to the existing support and accompanying activities.

Rex Bailey summarised for the lunchtime event which will launch an initiative by two former in-service trainees, one of whom has since returned to Ecuador to set-up an NGO. Mr Piebalgs, the Commissioner, will make a short speech.

### 3. MERG strategic orientation and mid-term plan

Boris Papousek presented at the final draft of the mid-term orientation Paper. He highlighted the seven targeted activities:

1. To reflect on **ManagEnergy** (website, workshops, dissemination) and other **dissemination activities/campaigns**
2. To reflect on the development of the **Energy Intelligent Europe II programme**: work programme, modalities and the ability of agencies to participate
3. To offer **informed advice** on strategies, such as the **Green Paper** on energy efficiency, especially concerning the needs of the local level for sustainable energy action (but noting that there are too many policy papers to comment on them all)
4. To support the **formation of new energy agencies**, esp. in New Member States, and deliver ideas to **strengthen the capabilities of existing ones**
5. To support **national associations** of local and regional energy agencies in performing similar functions
6. To reflect on how **clean transport issues** can be taken up by local and regional energy agencies
7. To facilitate the **communication** between the Commission and local energy agencies and actors by using the networks, information channels of the members to distribute information to the local level and gather input from there. This includes briefing EC officers about the role and contributions of local energy actors.

The action regarding briefing had been added last time. He has also updated the rules on membership on page 6.

Gian Mario Varalda asked if the target groups and areas on page 2 should include local Energy Agencies themselves as a target and not the National Association of agencies who are directly represented on reflection group. Boris Papousek thought that it was best not to make the targets too broad and that it was up to the national associations to disseminate information back to the agencies in their own countries. In 4.1 it was clarified that by having national associations of members rather than individuals, it allows the association to change the representative who attends without having to have this change formally approved in advance by the MERG.

It was noted that members participate on a voluntary basis, even when they are attending third party meetings on behalf of MERG (eg with EnR).

The paper was agreed unanimously.

#### **4. Public roles of Local Energy Agencies**

This had been deferred from the last meeting owing to lack of time. Ian Byrne made a short presentation looking first at some of the findings of the ECUBA Report (published early 2005) which show public advice and information as the most common role (83% of Energy Agencies saw it as core or secondary). But this study only includes Energy Agencies willing to respond so there is a possible bias towards outward facing agencies. Also there were an average of 7.3 activities listed as core and the median income of Energy Agencies was under €500,000, raising the question how much time/money is actually spent?

He then considered why has the EU set up Agencies. The IEE horizontal key action is called "Think Globally, Act Locally" (from LA21), but Energy Agencies are an unusual project, with direct engagement between EC and local actors. The Commission has often said that it is not their intention to create new consulting organisations, but to engage public and disseminate European best practice. Are Agencies achieving this aim, or are they prevented from it by lack of funding?

In this context it is worth asking if the Public Advice role is European, especially after the initial EC funding period. EU programmes (IEE/FP6) have a high proportion of Agency participants, but are these in their public role, or more technical projects? And even so, over half of Agencies did not take part. This lack of European engagement has not been helped by lack of funding to participate in the Sustainable Energy Europe campaign (for example), or even to distribute the Green Paper within Member States.

Ian Byrne continued by suggesting that where Agencies have tapped into national or local funding, the public advice role is strongest. Some are paid to offer direct advice services, eg through energy audits, but this may dilute the European flavour (eg with Energy Efficiency Advice Centres in the UK). And, if we look at EEACs, are the agencies among them distinctively different?

Summarising, he noted that most agencies say that public advice & information is a core activity, but few can devote many resources to this activity after the first 3 years, except where there are significant local/national funding streams which may dilute the European component. Does this require action from EC/MERG?

In the discussion afterwards Suvi Holm noted that if municipalities provide funding they are likely to dominate and wondered if this represented a problem. The general view was this would simply mean that the Agencies reflected local needs. However Ian Byrne noted that if this happens they may lose their distinctive European flavour and cited his former partner agency in the City of Espoo, Finland as an example where although the staff are still active in energy efficiency, they

no longer have an international role. Gerry Wardell does not see ownership by the City of Dublin as representing a problem and noted that they are active in 3 or 4 IEE projects. Boris Papousek thought the question was only relevant if Agencies are no longer able to do what they should do - all agreed that money was most important in setting the agenda of an agency, especially after the three-year SAVE funding period. Otherwise Agencies will be forced to move into consultancy activities to survive.

The group discussed what kind of funding can be found to support the public advice role for energy efficiency, and possibly statutory funding through legislation (for example following the establishment of national action plans).

Panos Coroyannakis explored the connection between the Sustainable Energy Europe campaign and Energy Agencies. Islenet are already a partner of SEE and work with Energy Agencies, but find it hard to work with SEE at moment as it is just a website and a few materials and there are no real incentives for local energy actors to join in. He suggested that MERG should ask how it can incentive Energy Agencies to participate for example through funding local events for training. Roman Doubrava thought these were important ideas but noted that SEE has many other partners including industry who may actually have budgets to spend on promoting sustainable energy to which Energy Agencies could add value. However he did think it worthwhile to look and see if the Managenergy initiative could be used to bring in training elements and will prepare a short paper on the subject.

Anna Michou noted that in some regions there is a real human resource gap not just money and that this is preventing a wider public information role. In some cases national associations have enough money but are not sure how to spend it.

Guillermo Basañez asked if there is really a problem if an agency loses its European connection. If they had been well established making best use of European links in the initial three years then surely that is sufficient. Aare Vabamägi noted that his agency in Estonia have only managed to survive for seven years due to bilateral support from countries such as Sweden or Denmark and that national funding was unavailable.

Boris Papousek agreed that where Energy Agencies undertake paid for work, it doesn't mean that they automatically lose their public role. He would like to do more work in public activities but that is just not possible due to other priorities. He drew the group's attention to another recommendation from ECUBA that perhaps the EC could fund a small extension (equivalent to 0.5fte) after the initial three-year period to support specifically European information dissemination.

André Brisaer advise the group not to be too worried if the European component was diluted as long as Agencies remained strongly committed to sustainable energy. He accepted that funders will always set the targets, so if local authorities takeover of the majority funding role it is inevitable that they will have the greatest influence. But he is concerned about a continuing unmet demand for information. If this is real should other sponsors or the recipients themselves be expected to pay for it?

Gian-Mario Varalda gave the view of the Italian Agencies. They suffer from a lack of a recognised role in the public administration and nothing really remains of the European connection except the SAVE logo. He would like to see more active support from Commission, for example in supporting agencies to deliver certification under the energy performance of buildings directive. Advice is given on a voluntary basis but in some cases agencies are no longer have any links with municipalities.

Roman Doubrava drew the discussion to a close noting if Energy Agencies are to survive in the market they must demonstrate a real need. He asked if comments, changes or updates to the

draft paper could be sent to Ian Byrne. Comments specifically relating to the Sustainable Energy Europe campaign should be sent to Panos Coroyannakis, who will put together in short Paper on the topic. André Brisaer noted that there was no funding for additional actions in Sustainable Energy Europe but that structure could be modified. Panos Coroyannakis will discuss this again with Roman Doubrava after the conference and asked people who were interested in the matter to speak to him on the Isenet stand on Wednesday lunchtime.

## **5. Opinion Paper on the Energy Efficiency Green Paper**

Gerry Wardell outlined the structure of the presentation that is being made tomorrow. There will be three separate short presentations from himself, Kostas Konstantinou and Andrea Preiß. With limited time, it has not proved possible to include all ideas from MERG members, but he hopes that he will be able to draw out at least the main points.

In summary MERG strongly supports the Green Paper and notes that the energy efficiency framework is very important. It welcomes the emphasis on turning ideas into action but feels that more recognition should be given to local action. There is an enormous potential within local and regional authorities, both through their own expenditure (in buildings, pumping water, lighting and fleet management) as well as through the planning process. But local authorities have many competing priorities so there is a need to send a clear signal from the top that will encourage them in their energy efficiency work.

He noted that application of existing measures is not always good; he is concerned about the time it has taken to transpose the energy performance of buildings directive into national laws and feels that local agencies are both flexible partners and potentially quicker to act on the ground.

There are also gaps in existing measures, especially in demand side management, where the current emphasis is on shifting peak load and not reducing total consumption. There is also a gap in public information and awareness from sources that are commercially, politically and technology neutral. This gap would be best filled by local campaigns, which can be seen to be free from influence from utilities. Energy efficiency is acceptable to all. In conclusion he recommended that there should be additional public information and awareness funded at a local level plus a public service obligation on utilities administered through energy regulators. He also noted the six strengths of Energy Agencies identified in the ECUBA report.

Kostas Konstantinou took over, focusing on two issues: energy efficiency in transport and financing.

In a fairly detailed review of energy efficiency in transport, he identified elements such as a combination of environmentally friendly fuels, better vehicle design, and more lightweight components. Fuels such as biodiesel, bioethanol, electricity generated from renewables, LPG and CNG could help. He noted that there were alternatively fuelled vehicles that can readily switch between fuels or operate on a varying mix of petrol and ethanol. However all this would require investment in fuel distribution infrastructure or be restricted to use by fleets. There are also new technologies available for hybrids, fuel cells and composite materials and work that can be done on storage tanks and catalysts.

Turning to softer transport measures he identified gaps in existing laws, regulations and tax incentives, all of which could be used to reduce the number of vehicle miles travelled or to encourage the purchase of alternatively fuelled vehicles. Other ways of reducing vehicle miles can include car pools, improvements to mass transit systems, teleworking, cycle paths, car-sharing and generally smart transportation methods such as road charging.

Among the financial mechanisms there could be improvements to third party financing, ESCOs (especially in large public or private buildings), heat delivery contracts, and energy performance

contracts. It is important to make sure that contracts set out clearly the duties of each party. There are a number of difficulties with third party financing, including the lack of capital or knowledge or - in some countries - appropriate legislation. The complexity of contracts and legal barriers can also be an issue. These can be overcome by exchanging best practice, government subsidies, loans and ensuring that legislative measures are enforced.

Gian-Mario Varalda was unhappy about suggesting subsidies for ESCOs - they should be funded through energy savings.

Ian Byrne asked how we can influence the content of the Action Plan following on from the Green Paper. André Brisaer suggested focusing on areas where local action is necessary, or which would not otherwise happen without such action. In other words, as an example, he did not think it a priority for the MERG to spend much time on Renewable Fuels, although the agencies could well contribute by promotion, advice, and other support through initiatives as those concerning city buses, etc..

Gerry Wardell thought that MERG could promote biofuels, as they need to be implemented at the local level, for example in city buses (both as a testing ground and to help develop the local economy through biofuel production). He proposed a specific change on page 8 reflect the ability of local actors in promoting alternative fuels. André Brisaer noted that alternative fuels are outside the scope the Green Paper, which is limited to energy efficiency, but that we could add a comment that local Energy Agencies' knowledge extends beyond energy efficiency to include renewables.

Andrea Preiß noted that the introduction to the Green Paper states that all levels of government will have to work together but that the Green Paper itself only mentions Energy Agencies twice - firstly as a means of disseminating EU policy, and secondly as a recipient of EC funds. So in her presentation she will take one step back to remind listeners that the Energy Agencies have many partners at both local and national levels. For example they are active in campaigns, training, providing information and general services related to energy efficiency. She then gave more examples on training at various levels including training for schools, appliance retailers, architects and builders. Energy Agency campaigns can be targeted at consumers, hotels, municipalities, or on specific product such as boilers or CNG cars. Likewise advice can be given at various levels from on-site to online, practical handbooks can be written or information taken out to the public on an Energy Bus. The range of services varies from projects to energy management services and ESCOs to energy certificates.

Turning this to the priorities for the EU Action Plan, she sees a need for:

- Recognition of Energy Agencies
- Integration of agencies into European and national energy efficiency action plans
- Financing local and regional Energy Agencies - eg from EU (but designing schemes to cater for small applicants) or through utilities.

Boris Papousek noted that information is crucial but it is a public task that will not happen without public funding - consumers will not pay, and if it is done by industry it is less likely to be seen as independent. This can best be done at a local level. André Brisaer said that MERG should state clearly then that it will not happen unless it is publicly funded and explain why it is important - that will give officials clear choice as to whether to include it or not in the final Action Plan.

Gerry Wardell thinks that local authorities need a clear signal from the top that Energy (and Energy Agencies) are important. Pirita Lindholm said it is important to engage local authorities not currently active in energy efficiency, especially those without Energy Agencies. Krisztina Dely noted that it goes beyond energy into social issues including fuel poverty, housing, and mobility planning, for example through a sustainable transport systems. This is an area where many local authorities struggle with human resources as well as funding - so they should use the skills and

manpower inside energy Agencies. Pirita Lindholm added to that energy needs to be considered in urban planning (eg in housing density) and is linked closely to environmental and social issues. Guillermo Basañez noted the ECUBA study had identified a need for Energy Agencies to diversify their client base. Most agencies have sent Energy Plans to their local authorities, which have been approved by City hall or regions and who should now be expected to provide the resources (funding) to the Agencies to deliver on the plans.

André Brisaer noted that the slide showing Energy Agencies' partners didn't include industry - SMEs in particular are seen as being key by the EU. This may unlock additional money, even if it only for industry to offer a little "greenwash" and as long as it serves our policy.

Ian Byrne observed that industry is given just one page out of 51 in the Green Paper (PDF version), despite being responsible for 30% of the EU energy demand. Small businesses, especially in the service sector (offices, restaurants, etc) may not use much energy individually but collectively are growing very fast. Energy Agencies should be able to offer them information and advice on a basis similar to general consumers.

Pirita Lindholm asked for a week to read through the paper as it had only been handed out today - she cannot sign off on it without adequate time. Roman Doubrava said that we have identified the key point that targets set by the Green Paper will never be met unless local actors including Energy Agencies are fully engaged in the process.

Gerry Wardell summarise the 11 points he had made in the executive summary (page 3). He recommended that utilities should be required support Agencies as part of a public service obligation, with a tiny levy on each customer. Ian Byrne pointed out that in the UK utilities meet their obligation through centralised advice services (call centres, websites) that they claim offer better value for money. Pedro Ballasteros said regulators set roles at the national level. Roman Doubrava thought we should at least offer it as an option as a way of funding the advice and action, without adding to public expenditure.

André Brisaer and Roman Doubrava observed that the statement about IEE implies that everything is OK, but that the reflection group has identified that access to the programme is difficult for local actors. Boris Papousek stressed the importance of explaining why local Energy actors (agencies) are key contributors and need to be involved.

Pedro Ballasteros reported that the Sustainable Energy Europe campaign has been redesigned to improve the profile of Energy Agencies, especially by holding Energy Days. He believes that this should increase access to third party funding. Most other members of the group disagreed. Roman Doubrava said that media contacts are more important than the logo, which is not yet recognised by the public. It was agreed to discuss this point further at the conference tomorrow. André Brisaer asked for feedback on how the campaign can be shaped in order to maximise participation.

Gerry Wardell noted that local Energy Agencies, or their equivalents, have a very low level of public recognition in the Eurobarometer report. Ian Byrne pointed out that they would only seek a public profile if they were able (funded) to give advice - otherwise enquiries from the public would be frustrating for both agencies and the enquirer.

Roman Doubrava and Boris Papousek thought that we should accept that the Commission cannot give money to everyone, but that the Green Paper can be used to identify where agencies can contribute and to help raise their profile. This may help in raising funds from industry or national government. Boris Papousek also stressed the value of local Energy plans, although Andrea Preiß noted they have to interlock with national plans. Pirita Lindholm said that local authorities write so many action plans on many different topics that we must ask them to create ones on energy efficiency only if they add value to the national plan; perhaps it is more important to work

with national governments to ensure action is taken at a local level. Pedro Ballasteros made a comparison with Local Agenda 21, where there are many plans but little real action. André Brisaer expects that national action plans, produced under the energy services directive, will in many cases devolve some of the work to a local level, which should create new opportunities. Roman Doubrava supported the case for local and regional Energy Agencies assisting in writing for national action plans.

Roman Doubrava asked for all comments to be sent Gerry Wardell by 20th February; he will incorporate them and get them back to the Commission. No major changes need to be made the slides for tomorrow's conference, but a little more emphasis could be given to the value of working at the local level.

## **6. Action on new Member States and candidate**

Roman Doubrava would like more names from new member states or candidate countries to be put forward. He summarised the critical questions from the last meeting:

- how can more Energy Agencies be established?
- how can they become sustainable after the 3 year co-funding period? and
- how can awareness be raised with local authorities and national energy actors?

Solutions might include:

- a guidebook on how to set up a new agency
- training of local authorities
- capacity building among agency staff
- training on finance and investment projects
- an annual contest for the best agencies in the region

Some of these ideas might be realisable through IEE2 or directly by DG-TREN, with support possibly exceeding 50% through using a tender process to deliver training or capacity building, or as an adjunct to replication projects. Compulsory energy plans may also help, along with targeted dissemination.

New Member States can also benefit through increased cooperation with other networks, especially in raising Agencies' profile. MERG can itself help, eg. in create small groups of Agencies facing common challenges.

Summarising, RD asked for comments, especially from NMS themselves, and asked for the subject to be discussed at greater length at the next MERG meeting, which will be held in Slovakia (itself an NMS).

Grzegorz Wiśniewski reported that he is organising a conference in Warsaw on 7-8 September, which will focus on actions in NMS and invited MERG members to attend.

## **7. Intelligent Energy Europe II – MERG Input**

Boris Papousek started by explaining that this item is an extended update of the ad hoc presentation that he put together during the last meeting as an immediate response to the IEEEA presentation, notwithstanding that William Gillett (of the Executive Agency) had said that many of the suggestions would not be allowable. Nonetheless, Boris Papousek believes that they are worthy of submitting formally to DG-TREN, especially in the arena of procedures. (MERG should separately consider thematic priorities for key actions under IEE2).

He noted that of the 330 active agencies, only around 25% continue to participate in IEE; from Austrian experience many agencies are too small or have only a local/regional focus, and don't

believe that they could compete successfully for European funding. These begs two key questions:

- is IEE meant to be an instrument for Energy Agencies?
- is the participation of Energy Agencies a priority for DG-TREN?

Boris Papousek then summarised some of the barriers to participation – such as a lack of know-how, limited European contacts (and no free resources to develop links), co-financing and competition from national agencies in some countries.

There are additional problems relating to being a co-ordinator, mainly relating to the high risk of failing to achieve finance and a lack of time, money and personnel to develop a well-thought out project. Even as partners, there may be problems in finding a consortium with a relevant topic and there are limits to the number of partners that can take part from a single country, even though these are often the easiest partners to find.

Financing issues include cash flow problems, especially if payments are delayed and the inability to fund indirect (management) costs. There are also incremental costs for formal procedures (eg. audits) and European cooperation., which would not be incurred if the project was solely performed locally. Given the level of fixed costs (including writing the tender and contract negotiation) often comes to at least €20,000, this forces projects to be quite large and so difficult to manage for smaller Energy Agencies.

It would be helpful if DG-TREN could let MERG know how important it sees Energy Agencies' participation. DG-TREN could also help by taking up the issue of co-financing with Member States; the national committees might also be able to provide additional support, advice and training.

Permitting replication projects should help, as would increasing the percentage of funding, at least for some of the additional activities. Alternatively there could be a single proposal approach where the Commission undertook a clustering exercise within a single key action. Another route could be to establish a two-stage process with projects given and "in principle" approval, following which they would be able to write a fuller proposal and given some time to arrange co-financing.

Framework projects could be introduced, where on co-ordinator pulls together a project for a large number of partners, possibly through sub-contracts. Operational grants could be offered through competitions to deliver defined actions at a local level.

On funding DG-TREN should seek to reduce delays and improve the terms of payment. It could offer 100% funding for the co-ordination activity (which generally adds nothing to the outcome of the project) and could improve rules around common dissemination, allowed shared websites, reduce the audit requirements for small financing, improve template reports, and generally allow more flexibility where conditions change (eg. permitting projects to delay where they are hampered by the slow implementation of directives by national governments).

Gerry Wardell said that 7% overheads penalises small Agencies who cannot afford a complex accounting system, and may operate through a part-time bookkeeper; perhaps small agencies should be allowed to revert to the former 20% rate. Ian Byrne noted that interest is not given on late payments; apparently this can be requested but it is not automatic. Pirita Lindholm is concerned about how best practice can be replicated outside the few local authorities and Energy Agencies who seem able to participate regularly in IEE.

André Brisaer responded by noting that DG-TREN can only co-finance projects, not organisations. The 50% rule is not compulsory at an EU level, but is generally applied to ensure that partners demonstrate full commitment to a project. If the rate were to rise above 50%, the Commission would undoubtedly want to be even more closely involved in managing the expenditure, and this

might also create additional demand for financial support that could not be met within the IEE budget. He noted that replication projects are more likely to be applied to programmes supporting new technology, and is unlikely for the softer measures under IEE. However, MERG has raised many interesting points, and he recommended that they should be put into a formal letter to Matthias Ruete, with a copy to Patrick Lambert for the Agency.

Boris Papousek asked how much of the work programme will be fixed by the Presidency and Parliament, and how much can be determined by the Commission or at the level of the Executive Agency (IEEEA). André Brisaer said that the Commission is currently trying to find common ground between the Presidency and Parliament.

Anna Michou warned that some Member States may try hard to ensure that no additional demand are placed on their own budgets by the need to provide co-financing for EU Programmes. They will instead note that there is no legal obligation to provide such co-financing and hope that the private sector will step in.

André Brisaer offered to pass the existing paper to the colleague in charge (as it is timely to do so) in its current format, pending the revised version for Mr Ruete; this was accepted with thanks by the MERG.

## **8. Any other business**

### ***Managenergy Conference***

André Brisaer reminded attendees that local action is the key theme of the first day of the conference with three papers to be delivered on Tuesday.

## **9. Closing remarks, next meeting**

Subject to budget, the next meeting will be held in the week from 12-18 June over two days in or near to Bratislava, Slovakia. If these dates prove impossible for DG-TREN members, it may be delayed until the following week.

André Brisaer thanked all MERG members present for their serious and useful input into the meeting. It was declared closed at 1743.

**Annex: Attendance List (alphabetical order):**

(for contact details see Managenergy Reflection Group homepage)

		<u>Organisation and country, if representing national association</u>	
RB	Ronald (Rex) Bailey	DG-TREN: unit D3	EC
GB	Guillermo Basañez	EVE	Spain
AB	André Brisaer	DG-TREN: head of unit D3	EC
IWB	Ian Byrne	Assn of UK Energy Agencies/MKEA/NEF	UK
PC	Panos Coroyannikis	Islenet	-
KD	Krisztina Dely	Energie-Cités	-
RD	Roman Doubrava	EA Bratislava, MERG Chair	Slovakia
RH	Ronan Harbison	DG-TREN	EC
SH	Suvi Holm	Ekokumppanit Oy	Finland
IK	Ivan Kalchev	ABEA	Bulgaria
PK	Pim Koegler	Province of Groningen, member of the CEMR Energy Network	-
KK	Kostas Konstantinou	Anatoliki SA	Greece
ML	Maud Leloutre	FLAME Network	France
PL	Pirita Lindholm	CEMR	-
AM	Anna Michou	Anatoliki SA	Greece
FN	Fred Nordstrom	NENET	Sweden
BP	Boris Papousek	Managenergy Reflection Group (Chair)	Austria
AP	Andrea Preiß	Berlin Energie Agentur	Germany
AV	Aare Vabamägi	SA Regionaalsed Energiakeskused	Estonia
GMV	Gian-Mario Varelda	APEVV	Italy
GW	Gerry Wardell	CODEMA/AIEA	Ireland
GWi	Grzegorz Wiśniewski	Instytut Energetyki Odnawialnej	Poland
HM	Harry Meerwijk	Energy Agency Zoetermeer	Netherlands

Michael Geißler of FEDARENE and Pedro Ballesteros of DG-TREN attended part of the meeting.