



Local & Regional
Europe

CEMR State of Play of the Energy Union. Focus on legislation

Key messages on the review of legislative proposals on energy: becoming more energy efficient is our goal

| September 2016

*Council of European Municipalities and Regions
Registered in the Register of Interest Representatives
Registration number: 81142561702-61*

FOREWORD

Our cities and regions are committed to become more energy efficient and sustainable societies at the same time as combating climate change and adapting to it. Only by this integrated approach we can create a sustainable economy and generate jobs which will also contribute to the objects of the EU Energy Union.

CEMR and its member associations urge the EU to develop an appropriate and adequate legislation with Member States on energy in the areas of energy efficiency, energy performance in buildings, renewable energies and heating and cooling strategy. But we ask, at the same time, to consider the competence, resources and effective actions already in place that our members have.

Only through a solid and realistic collaboration CEMR believes that all the stakeholders will achieve our common goals of decarbonising our societies, creating green jobs and providing a sustainable world for future generations. We support our members in aiming at the energy and climate targets to improve 27% share for renewable energy, at least 27% improvement in energy efficiency and at least 40% reduction of greenhouse gas emissions by 2030 (from 1990 levels).

These are our key messages on behalf subnational authorities to the EU Institutions and National Governments in view of the upcoming review of legislation on energy efficiency and energy performance in buildings (due in October) and renewable energy (for the end of this year) :

1. **GOVERNANCE:** empower local and regional government to mobilise the bottom-up approach
2. **REGULATION:** call for flexible regulation and integration in relevant policy areas
3. **FINANCING:** access to financing is crucial
4. **INTERNATIONAL DIMENSION:** recognise the international potential for cooperation and collaboration with networks on climate and energy

Councillor Linda Gillham
CEMR spokesperson on environment
Runnymede Council, UK



Reviewing legislation on EU Energy Union

Key messages in view of the review of legislative proposals on: energy efficiency, energy performance in buildings and renewable energies

Four key messages from CEMR

1. GOVERNANCE: empower local and regional government to mobilise bottom-up approach

CEMR calls for is a change of perspective in assuring a continuous structured dialogue with the EU institutions. The European energy landscape is undergoing changes from a once hierarchical and monopolistic system to a more distributed and decentralised one, becoming also more international, regulated and complex. Local and regional governments, as facilitators of this new reality, ought to be represented on an equal footing, alongside Member States, in the governance of the EU Energy Union. Involving local authorities is also the most effective way of engaging citizens in the Energy Union.

The EU Energy Union Strategy from February 2015 sets the basis for work and making EU more energy efficient. It defines main dimensions in Europe that need a legislative review, and which are affecting local and regional government: the directive on Renewable Energies (2009/28/EU), the Energy performance in Buildings (2010/31/EU) and Energy Efficiency (2012/27/EU). Since national and local governments plan their contribution to the Union's aims of energy security, decarbonisation and general cost-efficiency, the need to involve them in all relevant phases of the decision-making process is crucial. The role that the sub-national level will play in the implementation of the reviewed directives remains fundamental.

CEMR calls for the inclusion of the local and regional level in the preparation and implementation of the National plans on energy and climate due in 2018. All EU institutions and Member States should support this approach. Only inclusive processes can guarantee the full implementation of actions by the different actors involved. Energy policies also have to be linked to climate policies. The provisions of the Lisbon Treaty strengthened the role of local and regional authorities in the development of EU legislation as is the case now with energy directives that will affect local and regional authorities.

Today, there is a myriad local governments of different sizes all over the EU which have developed and are currently implementing their local climate and energy plans. In the frame of the Covenant of Mayors' initiative¹ launched in 2008, a sound methodology for energy planning and a reporting framework has been in place for many years. It has allowed local and regional governments to create knowledge and capacities in energy and climate planning, thus contributing to a tipping point in integrated local planning processes in Europe. If many local authorities develop local knowledge and data management on energy, it could enrich the national knowledge base for example by using holistic tools like the Reference Framework for Sustainable Cities².

Cities, municipalities and regions are crucial players when it comes to energy security. The Covenant of Mayors and the new Covenant 2030 (which also includes the adaptation³ dimension of climate

¹ http://www.covenantofmayors.eu/index_en.html. launched in 2008 counting on over 6700 signatories and over 5000 Sustainable Energy Action Plans

² The Reference Framework for Sustainable Cities (RFSC) is an online toolkit (www.rfsc.eu) developed with and for local European authorities that are involved in or are willing to start a process of integrated and sustainable urban development. It provides locally relevant indicators to monitor one's progress on every aspect of sustainable local development, and helps the user to develop synergies between the social, the environmental and the economy."

³ The "Mayors Adapt" initiative (<http://mayors-adapt.eu/>) was launched in 2014 and CEMR is part of it. Now the adaptation dimension is covered in the New Covenant 2030, which has merged the Covenant of Mayors and Mayors Adapt.

change) now are providing a solid framework for Covenant signatories to work towards 2030 with the current EU targets (carbon emissions reduction of 40% by 2030, 27% renewable target to be achieved by the same year) with their Sustainable Energy Climate Action Plans. Cities have showed a clear ambition in reducing emissions and this clearly contributes to the overall goal of the Member States. Moreover, many cities already sustain their ambition by fostering local forms of cooperation with relevant stakeholders to empower consumers and nudge behavioral changes in energy consumption patterns and acting locally as energy producers. The EU energy efficiency target for 2030 has to be inclusive and mainstreamed in other policy areas. We call on the European legislator to include provisions obliging Member States to negotiate with the subnational governments in determining the ways of achieving the national energy efficiency target and implementing actions.

The sub-national level supports the overall objective reached at the last UNFCCC COP in Paris (COP21) on climate but also linked to energy. This was clearly stated in the [Paris Declaration](#) at the Climate Summit for Local Leaders adopted last 4th December. But clear differentiated responsibility for all actors is crucial. The “Climate and Territories” World Summit in Lyon 2015 was a milestone for non-state actors, and this will be followed by the first Climate Chance Summit in Nantes in September 2016. CEMR will renew its commitment to support actions that aim at contributing to decarbonised cities and regions (and are in line with the EU objectives of reducing CO2 of 40% by 2030).

2. REGULATION: call for flexible regulations and integration in relevant policy areas

CEMR advocates for greater flexibility when it comes to achieving commonly set European objectives. With respect to the different situations in Europe, we favour an approach that respects existing measures and varying conditions, which are contributing to achieve the agreed results. CEMR is also promoting mainstreaming and integration of energy policies in other sectors.

Public procurement procedures can be used to improve energy efficiency performance. However, CEMR believes that there is not yet enough experience and supporting structures to require public authorities to purchase only products, services and buildings with high energy efficiency performance. We, as CEMR, would welcome more guidance on impacts and methods to calculate life-cycle costs, as well as incentives to buy the most energy-efficient products. Benchmarks and open comparisons may help to better assess the mid- and long term advantages for the purchasing authority. Furthermore, it is important to stress that the contract award criteria according to the public procurement directives is to the most economically advantageous tender or the lowest cost. While we acknowledge the usefulness to use public procurement to promote the purchase of high energy efficient products and services, we think it is important not to make it mandatory. The final decision needs to remain with the local or regional authority to decide within their democratic decision-making process, which requires to take into consideration the local and regional situation.

CEMR considers that the subnational level is well placed to assess the impacts of energy (and climate) actions in the territory. Many cities and regions have vast experiences in working in decentralised networks of energy. CEMR supports this approach in the distribution of energy (in some cases the legislation does not impose centralised systems and cities and regions are still proving good results).

Examples of too detailed and misdirected EU legislation which need further development include: (i) demands on yearly renovation rates for public buildings; (ii) demands on individual measurement and billing of energy costs that in some cases increase awareness and energy saving but in other cases take away incentives for building owners to take measures, (iii) double regulation through energy certificates of buildings and energy audit of large enterprises where the energy use is largely related to buildings and (iv) energy taxation, state aid rules and politically set sustainability criteria for bioenergy that creates uncertainty and administrative burdens for investors and users of renewable energy.

3. FINANCING: access to financing is crucial

Cities are leading through good examples to achieve energy efficiency, but they need appropriate sources of financing. Deployment of appropriate financing of energy policies and actions will help increase energy efficiency in general. Member States and EU institutions still have to collaborate more with the sub-national level, in providing the regulatory framework of financing energy efficiency measures and the production and use of renewable energies. Committed politicians responsible for energy dossiers can contribute to raising awareness and sharing ownership to the citizens in the territory.

The financial crisis has led to drastic budget cuts in cities and regions and we see now a need for more innovative thinking and capacity building to cope with the situation. Sometimes there is not enough emphasis in the various EU funding sources on retrofit and energy efficiency and this is arguably the top priority. Access to loans on favourable conditions should be made available for energy efficiency measures that are profitable in the long run but could be hard to finance through banks with an ordinary view on risks. Risks, interest rates and costs can be cut by initiatives through the EIB, MS or private institutions with public backing.

Good examples that demonstrate how energy efficiency can be financed are also important. The CITYnvest project⁴ features best practices in financing for energy efficiency renovation of buildings. Bundling investments from several municipalities enable use of innovative financing schemes, which provide adequate funding. However, in some countries it is very difficult to issue tenders on behalf of several local governments and thus prepare bankable building renovation projects. Therefore, the barriers for joint procurement need to be examined and solutions need to be elaborated. The CITYnvest project suggests that a good legislative framework can empower municipalities and regions to use the innovative financing instruments and thus obtain funds necessary for energy efficiency investments. One of examples would be a possibility of off-balance ESCO financing⁵.

4. INTERNATIONAL DIMENSION: recognise the international potential for cooperation and collaboration with networks on climate and energy

Together with our PLATFORMA⁶ partners, CEMR also commits to supporting partnerships and cooperation between local and regional governments across world regions, in order to promote globally low-carbon local development, while building on the legacy of efficient, democratic local governance arrangements.

Collaboration with thematic networks makes a real and substantial difference. The EU institutions continue to play an important role in liaising with the European and International networks on energy issues towards target years of 2030 and 2050 and on climate, in which CEMR/PLATFORMA are heavily involved in lobbying ahead of the Habitat III⁷ summit in Quito and UNFCCC COPs meetings, like this year in Marrakesh in COP22.

⁴ <http://www.citynvest.eu/>

⁵ As a result on keeping ESCO model on the balance, local and regional authorities will not get permission from financial supervisory bodies for their investments, since this model is now interpreted as increasing public debt.

⁶ Following the creation, in 2007, of the European Commission programme "Non-State Actors – Local Authorities", financing development cooperation projects implemented by local and regional authorities (LRAs), associations of cities and regions gathered around a European platform of local and regional authorities for development. Named PLATFORMA, the platform was officially launched on the occasion of the 2008 European Development Days in Strasbourg. The platform is co-financed by the Commission since 2009.

⁷ This commitment follows from the involvement of PLATFORMA and CEMR in the Global Taskforce of Local and Regional Governments towards COP21 and Habitat III. For more info see www.gtf2016.org

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About CEMR

The Council of European Municipalities and Regions (CEMR) is the broadest organisation of local and regional authorities in Europe. Its members are over 50 national associations of municipalities and regions from 41 European countries. Together these associations represent some 150 000 local and regional authorities.

CEMR's objectives are twofold: to influence European legislation on behalf of local and regional authorities and to provide a platform for exchange between its member associations and their elected officials and experts.

Moreover, CEMR is the European section of United Cities and Local Governments (UCLG), the worldwide organisation of local government.