



**COUNCIL OF EUROPEAN MUNICIPALITIES AND REGIONS
CONSEIL DES COMMUNES ET REGIONS D'EUROPE**

CEMR's Response to the GREEN PAPER on Energy efficiency or Doing More with Less (COM (2005) 265 final)

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KEY POINTS

CEMR:

- ⇒ Welcomes the objectives of the Green Paper, including the 20% energy saving goal by 2020;
- ⇒ Stresses that the EU needs a clear and long term vision on energy efficiency and climate change;
- ⇒ Points out that local and regional authorities have an essential role to play in the fulfilment of these objectives, and are ready to actively take on this role, provided they are supported by adequate regulatory and financial frameworks from the national and EU levels;
- ⇒ Calls for local and regional authorities to be better taken into account in the shaping of EU energy policies;
- ⇒ Calls for a strong dialogue between EU institutions and local and regional government, and calls for local and regional authorities to be formally invited to participate in the Sustainable Energy Forum.

Part I: General remarks

Introductory remarks

1. The Council of European Municipalities and Regions (CEMR) welcomes the adoption by the European Commission of the Green Paper on Energy Efficiency, which shows the importance the European Commission is giving to the need to increase energy efficiency in Europe. CEMR believes a European initiative in this field is indeed essential. Energy efficiency is a key tool to reduce energy consumption, allowing for saving in energy expenses, less pollution, better air quality, and climate protection.
2. CEMR welcomes the 20% energy saving by 2020 goal set by the Green Paper.
3. Local and regional authorities, as the public bodies closest to citizens, can control and influence many energy decisions and through these can affect the quality of life of citizens at local level.
4. CEMR represents the interests of local and regional authorities federated in 47 national associations from 34 countries. With the increasing awareness of climate change and the contribution of energy use on the one hand, and the potential to save energy and to reduce public spending on the other, local and regional government more and more implement energy efficiency measures.
5. In this context, CEMR's Network on energy issues was established in 2003, following discussions with the European Commission, in order to increase the involvement of local and regional government in energy issues at European level and to strengthen the cooperation between local and regional authorities and the Commission. The Network has a close cooperation with other organisations and platforms, such as Energie-Cités and the ManagEnergy Reflection Group. The Network is preparing a Guidebook, aimed at local and regional elected representatives and practitioners, on local sustainable energy policies, which is to be published by CEMR in Spring 2006. CEMR has been an active actor in the preparation and promotion of the Aalborg Commitments¹, which include energy policy actions.
6. As stated in the Green Paper on Energy Efficiency, energy services are largely local in character. Local and regional authorities play a key role in energy policy. They can act as consumer, planner, regulator, advisor, supplier, manager...(see in annex p. 17-19). CEMR therefore regrets that only one short paragraph of the Green Paper is dedicated to the local and regional level.
7. CEMR would like that the participation from the EU's local and regional government in the "European Sustainable Energy Forum", which the European Commission has decided to set up, is clearly stated, and that networks of local and regional authorities such as CEMR are formally invited to participate.

¹ www.aalborgplus10.dk

The need for EU actions and for a long-term vision on energy efficiency and climate change

8. A major strength of the Green Paper lies its demonstration that the 20% energy saving goal is cost effective, realistic and offers a win-win solution (environmental as well as economical benefits). CEMR welcomes the 20% energy saving goal set by the Green Paper. In fact, current environmental, economical, political and energy supply realities mean that the EU has no other choice than to achieve this objective.
9. And, as a matter of fact, CEMR believes that this 20 % saving goal should not be considered as a final goal but just as a medium term target. To limit the CO₂ contents in the atmosphere so that the global temperature rise is limited to 2°C (an increase which causes already severe problems in various regions of the globe) the emissions should be greatly reduced in the long term. CEMR would like the Green Paper to outline this long term perspective for EU energy policy.
10. The Green Paper relies considerably on existing Community directives, initiatives or projects. As in previous initiatives, it has a very technical approach. The technical tools are fundamental. Nevertheless, instruments relating to social issues, public health, lifestyle and behaviour ought to be explored further.
11. Moreover, the EU needs a strategy on how to integrate energy efficiency, supply of renewable energy and security of supply. The Green Paper efficiently explores the obstacles against a more efficient use of energy and proposes an array of policy areas and actions to consider, but it tends to fall short of providing a real vision on the in-depth structural changes that are needed in order to move towards an energy efficient European society.
12. This Green Paper is not the first initiative of the European Commission in the field of energy efficiency. An Action Plan on Energy Efficiency was adopted in 1998. Other initiatives were also launched (e.g. in 2000 the Green Paper on the security of Energy Supply) that related to energy efficiency. However, these initiatives have not produced tangible results on the way energy is used across the EU. CEMR believes a first essential step would be to analyse the shortcomings of previous initiatives in order to develop a new approach that must deliver concrete results.
13. CEMR is aware that energy is not an EU common policy and that the EU has a limited capacity in this field. The European Commission must ensure the full support of the other EU institutions and of the member states for this initiative. Only with such a support can the Green Paper deliver the meaningful measures that can help move to its stated objective. Constraining targets on member states are indispensable if we want to achieve the required major shift in our energy habits and organisation. National governments, and the EU Council of Ministers must commit to this objective too. Energy efficiency measures can greatly contribute to the ambitious climate change targets they have set to themselves, either individually or through the European Council².

² see conclusions of the European Council of 22-23 March 2005: "the EU looks forward to exploring with other parties strategies for achieving necessary emission reductions and

14. CEMR believes the EU level is well placed to provide the overall policy push on energy efficiency. The global nature of energy related issues (supply and strategy, environment and climate change etc.) and the reality of the EU internal market (state aid, procurement and competition rules, establishment of the EU energy market) calls for the EU to act on energy efficiency. In order to achieve the goal of the Green Paper, a close coordination between the different levels of government is indispensable. The higher levels (EU, national) must provide the regulatory context and the financial incentives and implement their own actions, while the local and regional levels will endeavour to take the necessary measures.
15. The follow-up to this Green Paper, and the forthcoming action plans, must provide an opportunity for a real thrust towards a more energy efficient EU society. The initiative must gather all concerned actors and lead to the adoption of concrete measures with realistic objectives, set in light of progress already achieved in some member states, but with binding targets.
16. CEMR advocates an energy hierarchy that puts saving energy and using energy efficiently at the top. The priority must be to use less energy, and to avoid the consumption of energy - energy efficiency measures help contributing to this goal. Secondly, the energy that we cannot avoid consuming must be used efficiently. This is the purpose of this Green Paper. Energy efficiency policies are in general more cost effective than the development of renewable energies. However, the development of the latter still constitutes an essential third step in order to respond to the remaining need for energy use in a manner that is sustainable for the environment. Lastly, any continuing use of fossil fuels must be as clean and efficient as possible (co-generation, switch to "cleaner" fossil fuels, more efficient and cleaner technologies etc.).

- 1. Reduce the need for energy**
- 2. Use energy more efficiently**
- 3. Use renewable energy**
- 4. Any continuing use of fossil fuels to be as clean as possible**

Contribution of local and regional authorities to the objectives of the Green Paper and to EU activities

17. As stated in the Green Paper on Energy Efficiency, energy services are largely local in character. Therefore CEMR regrets that the Paper does not explore in a more detailed way the potential of the regional and local level in

believes that, in this context, reduction pathways for the group of developed countries in the order of 15-30% by 2020, compared to the baseline envisaged in the Kyoto Protocol, and beyond, in the spirit of the conclusions of the Environment Council, should be considered."

contributing to energy efficiency. Only one short paragraph is dedicated to the local and regional level. A mix of European, national and local measures is indeed needed. Local and regional authorities are willing to contribute to achieving that goal, as long as adequate legislative, regulatory and fiscal frameworks are provided at the higher level, and as long as a stable, long term financing of local and regional authorities is ensured.

18. CEMR is very concerned that in the Green Paper no formal participation from Europe's local and regional government is explicitly envisaged in the "European Sustainable Energy Forum", which the European Commission has decided to set up. The Green Paper proposes that it is to be composed of representatives of the Commission, Member States, the European Parliament, national energy regulators and representatives of European industry and NGO's. Many times, Member States are expected to represent the regional and local level at such fora; however national governments do not necessarily dispose of the relevant expertise and knowledge nor convey the concerns of local and regional authorities as well as the concerned ones would do.
19. Therefore CEMR would like to advocate the specific and official participation of local and regional government representatives at the Sustainable Energy Forum. This could be achieved either by asking the Member States to nominate respective representatives, or by inviting representatives of regional / local government associations to the Forum. CEMR and its member associations would be pleased to offer their support for the latter procedure.

CEMR Recommendations for the EU Action Plan on Energy Efficiency:

The action plan should:

- ⇒ Require Member States to develop energy efficiency plans;
- ⇒ Seek to foster a close coordination between the different levels of government (EU, national, regional, local), notably through provisions in the above-mentioned national plans;
- ⇒ Propose voluntary tools to encourage local and regional authorities to develop energy management, for instance by involving more cities in Managenergy;
- ⇒ Introduce instruments to encourage local and regional authorities to insert energy efficiency criteria in their public procurement;
- ⇒ Propose mechanisms for the integration of energy efficiency criteria across all policy sectors and explore ways to integrate respective criteria in policies and trade at international level; the EU could introduce an “energy Cardiff process”;
- ⇒ Announce an extension of the scope of the Buildings directive in the longer term and propose guidance to national, regional and local governments on how to develop control mechanisms on the proper implementation of the directive;
- ⇒ Introduce measures to improve energy related product labelling and extend their application to other energy consuming goods like IT equipment and consumer electronics;
- ⇒ Encourage member states to get national energy regulations to set quality standards for the electricity grid and to impose guaranteed tariffs for co-generation power and electricity from renewable sources as well as guaranteed access to the national grid of excess locally generated electricity;
- ⇒ Set framework conditions for the market to serve a more energy efficient society, including taxation and subsidy policies as well as technical requirements.
- ⇒ Develop a EU funding model for energy efficiency investments with funding levels related to the CO₂ savings achieved during the lifetime of the investment;
- ⇒ Provide EU funding to local and regional authorities for public information campaigns on energy efficiency;
- ⇒ Propose measures to develop energy-efficiency consultancy and services and to encourage the training of energy professionals and craftsmen;
- ⇒ Promote a transport modal shift from the road to more sustainable forms of transport;
- ⇒ Propose new measures on transport infrastructure charging, taking into consideration the follow up to the 2001 Transport White Paper;
- ⇒ Promote local congestion charging schemes through exchanges of best practises;
- ⇒ Announce the fast adoption by the European Commission of EURO VI emission standards for heavy duty vehicles;
- ⇒ Propose instruments relating energy efficiency to social issues, public health, lifestyle and behaviour.

Part II: Responses to questions in the Green Paper (p. 8-11)

Please find below our answers to the questions that we found the most relevant for local and regional authorities.

1. How could the Community and the Commission in particular, better stimulate European investment in energy efficiency technologies? How could funds spent supporting research in this area be better targeted?

CEMR suggests that EU research policy and funds should focus more on renewable energies with local application. Renewable energies can significantly increase the security of supply and the stability of the EU economy.

3. In the context of the Lisbon strategy aiming to revitalise the European economy, what link should be made between economic competitiveness and a greater emphasis on energy efficiency? In this context, would it be useful to require each Member State to set annual energy efficiency plans, and subsequently to benchmark the plans at community level to ensure a continued spread of best practice? Could such an approach be used internationally? If so, how?

CEMR members are not in favour of top-down mandatory energy efficiency plans to local and regional authorities. The principle of subsidiarity must be respected so that each member state can choose which administrative level would be responsible for the implementation of energy efficiency measures.

However, CEMR supports the idea of mandatory Energy Efficiency Plans for member states. These plans should comprise minimum Community objectives, while encouraging member states to aim to act beyond the common objectives. This will push national governments to adopt targets and measures to increase energy efficiency, while leaving them the freedom to choose the appropriate targets, measures, and implementation level. The plans should be integrated with environment, transport, and economical policy areas. The plans will make governments accountable to their actions to improve energy efficiency. The plans will increase the awareness and commitment for energy efficiency within the administrations and the public. A peer review and benchmarking organised by the European Commission would allow moving towards common practises and standards, based on the best ones as drivers.

Nevertheless, the plans should not be annual. One year perspective is too short considering the time span of the needed measures and investments. Instead, CEMR proposes to have plans of a duration of minimum three years, accompanied with an annual executive programmes.

The EU should provide guidelines for developing such plans. The guidelines should propose elaborate examples of energy efficiency measures based on existing best practise. The plans should be developed on the basis of a bottom-up approach. In order to be effective, since many energy decisions are taken at the local and regional levels, it should be required that national governments actively associate, at an early stage, the regional and local authorities. Local and regional targets and measures

must be decided at the local and regional levels, in cooperation with the national level. Such measures must be adequately funded.

4. Fiscal policy is an important way to encourage changes in behaviour and the use of new products that use less energy. Should such measures play a greater role in European energy efficiency policy? If so, which sort of measures would be best suited to achieve this goal? How could they be implemented in a manner that does not result in an overall increase in the tax burden? How to really make the polluter pay?

We believe that relying only on the market is not effective enough to achieve the desired results within reasonable time. The EU should set framework conditions for the market to serve a more energy efficient society. This framework should include taxation and subsidy³ policies as well as technical requirements.

Indeed, the internalisation of environmental external costs allows the promotion of greener tools such as energy-efficient technologies. An increased use of existing fiscal instruments can help correct market failures. Taxation policies are important to ensure that a viable and strong market is put in place for the efficient technologies that do exist but that are currently more expensive than the less efficient ones. Taxation on extremely energy inefficient products can for instance be considered (e.g. conventional light bulbs). On the contrary, one might consider a VAT exemption for systems using renewable energies or for insulation material. If unanimity is not reached on tax measures (e.g. VAT exemptions), the EU tax and competition rules must allow national governments to implement such measures domestically, provided that they are non-discriminatory.

CEMR supports some elements of the proposal of the European Commission to re-structure passenger car taxation⁴. Linking the annual tax base to CO₂ emissions can be an essential policy measure to tax-differentiate between the polluting vehicles and the cleaner vehicles, thus promoting the latter ones. CEMR is however more cautious about the removal of registration taxes: by boosting the sales of cars, such a reform could have effects contradictory to the environmental aims of the overall measure. Moreover, CEMR would have liked the European Commission, in the context of the air quality legislation, to also link the tax base to the emissions of particulate matters.

Generally, CEMR believes energy taxation can be an important tool for limiting road transport, saving energy and increasing energy efficiency. Obviously increased energy prices can push the consumers to save. In order to mitigate potential negative effects on competitiveness and income distribution, the tax increases can be implemented without increasing the overall tax burden, in the context of a general fiscal reform, by which other taxes, such as those green and energy efficient products, or/and on labour, can be correspondingly decreased.

The 2003 directive on energy taxation allows, for the first time, two member states to tax the kerosene of flights between their two countries as part of a bilateral agreement. CEMR believes the European Commission should push some member states to make use of this provision, and by doing so, set an example for the taxation of kerosene. Generally, CEMR invites the European Commission to promote the taxation of air travel and kerosene at the EU and international levels.

³ subsidies on fossil fuels, e.g. support for coal production, should be gradually removed.

⁴ COM / 2005 / 261

5. Would it be possible to develop state aid rules that are more favourable to the environment, in particular by encouraging eco-innovation and productivity improvements? What form could these rules take?

State aid rules must not hinder energy efficiency investments. The revision, in 2007, of the Community guidelines on state aid for environmental protection, should aim to facilitate further public investments in energy efficiency, for instance by providing exemptions to notify aid below a certain level. This will ease “red tape” constraints and help creating a more favourable regulatory environment.

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?

Local and regional authorities are willing to act as a role model in energy efficiency and other environmental policies, and many are already doing so, with numerous measures and projects undertaken as part of voluntary commitments such as Local Agenda 21 and the Aalborg Commitments. Public buildings are a field where local and regional authorities can make a difference and lead the way.

Energy management should become more widespread, particularly among big energy consumers like big companies and important municipalities (for example, for cities with more than 50.000 inhabitants or energy bills above 1 million € per year). In Germany, for instance, energy management in many cities proves to save energy worth 5 times the labour cost of the energy managers and staff (see www.stuttgart.de/energie “Energiebericht 2004”). In this field EU funding, notably, would be extremely cost-effective.

As rightly pointed out in the Green Paper, the aggregated public procurement of national, local and regional and European authorities is significant. Public authorities should use their purchasing power to set the example and promote the development of the market of energy efficient technologies. In any case it is cost effective for the municipalities to consider life cycle costs instead of the initial investment costs.

Local and regional authorities are willing to apply ecological criteria in public procurement on a voluntary basis. Indeed, a consequent eco-procurement in the field of energy can reduce both energy costs and emissions and can also stimulate the market of energy efficient technologies. Local authorities can require energy efficiency labels in their procurement. The EU should facilitate the use of energy efficient public procurement through a clear and easy regulatory framework. The European Commission should promote it by providing guidance to local and regional authorities and by organising the exchange of best practises.

There can also be encouragements to promote leadership in public authorities^{5,6}. This does not necessarily lead to any form of competitive disadvantage - in fact, on the contrary, it can enhance it.

An important tool is joint public procurement⁷, by which local and regional authorities group together in order to increase their purchasing and bargaining power and benefit from bulk prices. They can also use this instrument to, in cooperation with the private sector, boost greener products. Joint procurement can be particularly beneficial to the smaller authorities: by joining the group, they can benefit from the rebates and/ or new products secured by the bigger authorities. The European Commission could explore further the experience in joint public procurement and encourage its development by launching information campaigns as well as coordinating activities and exchanges of best practise.

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, EU, national, regional and local level ?

Energy efficiency funds are very important instruments to help local and regional authorities, as well as individuals and other stakeholders, to invest in energy efficiency projects and measures. In many countries⁸, such funds have been established. But they need to be developed further, and target the domestic usage market and the business usage (in the newer Member States in particular). At the local level one of the foci of such funds must be on accessing consumption data and using it effectively.

Financial incentives are very effective to direct consumers towards buying greener equipment and technologies. Currently European financing tools such as EIE ("Intelligent Energy Europe") require a lot of work. This is why some cities are reluctant to use these financing tools. CEMR recommends a EU funding model with funding levels related to the CO₂ savings achieved during the lifetime of the investment. This fund should be joint-financed by the European and the national levels. National energy agencies should handle the programme. A continuity in funding is crucial. For most municipalities it is very difficult to keep up to date with the

⁵ For example, the London Borough of Merton, in the UK, has placed a requirement in its planning law that stipulates that all new industrial, warehousing, office and live/work units outside conservation areas above a certain size must incorporate renewable energy production equipment to provide at least 10 % of predicted energy requirements.

⁶ The city of Stuttgart sells its building lots only to those investors which agree to built 20 % better compared to the national building code which is already rather strict on a European scale. Many big investors agree on a voluntary basis to build more energy efficient.

⁷ For instance, in 1996, the ZEUS international procurement of electric vehicles (cities from Greece, Denmark, UK, Italy, Sweden) bought 278 vehicles. Prices were reduced by 25-50 %. There was a market introduction in UK. Requirements in the contract included price limit on spare parts, maintenance and sanctions in case of late deliveries.

⁸ In the UK for instance, the Energy Saving Trust (EST) provides assistance with local and regional authorities through information and advice, the Innovation Programme (grants for innovative local authority and housing association projects), and the Local Authority Support Programme. The EST also runs and maintains national labelling, endorsement and accreditation schemes, providing for consistency in product standards and labelling across the country. The EST runs an Energy Efficiency Best Practice Programme, providing information, advice and training, for free, on high-energy performance construction and refurbishment in the housing sector. The EST also runs programmes in transport and renewable energies.

changes in the funding schemes. Financial support for the establishment of energy management in the cities would be extremely cost-effective.

Technologies such as biomass, solar thermal or geothermal heat pump systems should be promoted and developed at the national and regional levels. The European Commission should provide funding schemes with a minimum threshold of support such as 30%. Part of the budget of the intelligent Energy program could be used for that purpose.

National governments should be encouraged to make a good use, in their national strategies, of the possibilities offered in the structural funds for the period 2007-2013 to finance energy efficiency measures.

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 “Building directive” is an excellent starting point for moving towards more energy efficient buildings. It is important to ensure that this directive is applied, according to the initial idea, at the local and “grassroots” level. However, there are concerns about the necessary development of effective control mechanisms, which are indispensable to ensure a proper implementation of the directive. In Germany, for example, the national building directive is monitored at the regional level. But, in reality, no control takes place. The national government relies on the customers to do the quality control of their building project themselves. In general they lack the competence to do it.

Thanks to the directive, energy certificates are required when buying or leasing a building : this will significantly increase the pressure on the market and lead to a higher energy efficiency of buildings. Local authorities should foster this process by actively displaying the energy consumption of their buildings and informing the citizens on energy issues. Funding (for instance from energy efficiency funds) should be provided to help them doing so. The EU project DISPLAY⁹ is an excellent example how such an active role can be developed. The European Commission should consider to define a required minimum energy-efficiency level with corrections for national climatic conditions.

CEMR believes that until the effect of the Building directive can be observed, no new measures should be introduced. Nevertheless, in the longer term, the directive should be evaluated and most probably extended in its scope, ambition and targets. A sense of urgency should be created : this issue does not just relate to the wasting of energy, but also to security of the energy supply and to the health and well-being of society. If buildings are not energy efficient they are often cold, have excess moisture and do not create the optimal environment for a healthy workforce. Energy efficiency criteria for buildings should be integrated into planning law across the board, rather than just pockets of excellence. CEMR calls on member states and the Commission to ensure a proper implementation of the Directive.

⁹ www.display-campaign.org

9. Giving incentives to improve the energy efficiency of rented accommodation is a difficult task because the owner of the building does not normally pay the energy bill and thus has no economic interest in investing in energy efficiency improvements such as insulation or double glazing. How could this challenge be best addressed?

The “Buildings directive” and the pressure generated by the need to inform about the level of energy consumption is extremely helpful for rented buildings as well. Inefficient homes are not just more costly financially, but also create fuel poverty and health implications such as asthma. Evidence shows that improving the insulation and internal environment in homes has knock-on effects in terms of reducing health problems and expenditure, and improving children's take-up of homework. Wide scale regeneration of rented accommodation provides for a better community spirit¹⁰.

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, EU, national, regional and local level ?

Labelling significantly helps to raise the level of awareness. Labels have to contain significant information. Additional national labels do not help. CEMR believes that the European label for appliances should be extended to other energy consuming goods like IT equipment and consumer electronics, and, at a later stage, to all energy using products, including buildings.

Energy star, GEEA and other labels should be re-structured so that the most efficient products are clearly distinguished¹¹. The EU should gradually remove the most inefficient energy using products by raising the minimum permissible energy efficiency levels of appliances by 10 per cent or 20 per cent every few years in all categories where there is a significant difference in energy consumption between the best and worst. Energy advice centers should receive funding to promote energy efficiency labels and products.

¹⁰ Carrick District Council (England), together with tenant associations and other members of the Beacon Community Regeneration Partnership, implemented energy efficiency improvements in the Beacon Housing Estate in Falmouth, once one of the most deprived areas in Cornwall. In terms of results: energy efficiency improvements have been made to 900 homes; central heating and insulation measures have been installed in 300 properties in the first year, a total of EUR 274,000 (£186,000) was saved on fuel bills. The Regeneration Partnership believes a range of other changes can also be attributed to the housing improvements: there have been health improvements among residents, including a 50% drop in the numbers suffering from asthma; the local school reports a 100% improvement in the standard school examination results of boys; the crime rate has dropped dramatically, including a reduction in domestic violence incidents and the number of children on the ‘Children at Risk’ Register; vandalism is at an all-time low; there is increased employment; more people are wanting to move to the estate; and there is a remarkable upswing in community spirit.

¹¹ at the moment, we have for example almost only “A” refrigerators on the market. Thus the label does no help anymore the consumer to see if a product is energy efficient or not. The German eco-label “blauer Engel”, for instance, is re-evaluated regularly to make sure that technical progress is taken into account. Only the best products on the market should get the top ranking. Labels should be evaluated annually.

Furthermore, energy-efficiency consultancy and services need to be developed. Energy professionals, craftsmen and energy SMEs must be trained on energy efficiency products and equipments. National governments should be encouraged to notably use funds from the European Social Fund to develop such programmes.

11. A major challenge is to ensure that the vehicle industry produces ever more energy efficient vehicles. How can this best be done? What measures should be taken to continue to improve energy efficiency in vehicles and at which level? To what extent should such measures be voluntary in nature and to what extent mandatory?

CEMR believes stringent standards and legislation for vehicles' emissions are indispensable. Such regulation can not only help saving on energy use but also help the local and regional authorities reaching the objectives of EU air quality legislation. Since the early 1990s, the EURO emission standards for passenger cars and other vehicles have initiated a reduction in air pollution per driven kilometer. However, the improvements have been outstripped by the increase of the overall traffic growth, the lax standards for diesel engines, the lower taxes on diesel fuel and the trend for bigger cars.

CEMR welcomes the adoption, in December 2005, of the new Euro V standards on light vehicles' emissions, as announced in the Thematic Strategy on Air Pollution. CEMR is satisfied that sport utility vehicles would now be covered by the norms, and that the higher standards would require diesel vehicles to be fitted with particulate filters. CEMR has concerns, however, about the NOx limits¹², which are not very stringent. CEMR calls on the European Parliament and the Council of Ministers, in the co-decision procedure, to strengthen the Euro V and to make provision for their enforcement as soon as possible. CEMR calls on the European Commission to adopt, in 2006, Euro VI standards on the emissions of heavy duty vehicles. Furthermore, CEMR believes that the labels applying to appliances should be extended to cars.

CEMR points out that accompanying taxation and education measures are indispensable in order to reap the full potential of stricter emission standards. The more polluting vehicles must be made significantly more expensive, and the purchasing decisions linked to lifestyle values must be encouraged to change.

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, EU, national, regional and local level ?

Public information campaigns are very important in order to raise the awareness of consumers on energy efficiency but also on linked challenges such as pollution, climate change and public health issues. These campaigns should also aim to diffuse values more respective of the environment and to influence a change in lifestyle habits. Local and regional authorities, if provided with adequate funding, are well placed to organise such campaigns at the local level.

¹² diesel cars sold in the EU from 2008/9 must emit no more than 200mg/km of NOx, whereas US standards from 2007 set a maximum of 87mg/km

EU campaigns should explain the urgency of the situation. They should make the link between energy efficiency and health issues; for instance, poor quality and inefficient buildings are not just a matter for the environment, but a matter for people's general health and well-being. EU (or EU funded) campaigns should make links between energy and fuel poverty and health problems more explicit.

CEMR would like to point out that national and EU campaigns on energy efficiency have to compete with aggressive advertisement campaigns from the private sector (for instance to promote air conditioning equipment or fuel hungry cars) that many times diffuse the opposite messages and signals to customers. Therefore, the EU and national governments should do more to promote responsible and sustainable consumption.

Generally, CEMR believes that, in order to maximise their impact, campaigns should be designed for a long duration and should focus on a specific topic (e.g. appliances). The European Commission and national governments should consider a way to get energy companies and/ or the grid companies to finance local and regional level campaigns. This could be done via regional and local energy efficiency funds (that could be financed by energy companies, or by a levy on energy consumption).

Training and information campaigns targeted at electricity and energy craftsmen, and architects, are essential too.

Education on energy efficiency is very important. However, CEMR believes education and information campaigns constitute a complementary tool to the framework reforms that are indispensable for a real change towards an energy efficient society. For instance, if the market does not need nor price people trained in energy efficiency technologies, this training is of little use. The more pressure the energy market generates, the higher is the need for people with an appropriate training. Energy costs, but also regulatory requirements such as the building directive, will generate the need for skills on building energy certification. Similarly, raising the awareness of citizens on energy efficiency will produce results mainly if the market forces also push them to purchase more efficient products.

CEMR welcomes the launch by the European Commission of the Sustainable Energy Europe campaign.

13. What can be done to improve the efficiency of electricity transmission and distribution? How to implement such initiatives in practice? What can be done to improve the efficiency of fuel use in electricity production? How to further promote distributed generation and co-generation?

The regulator must define quality standards for the grid. The level of the fees that the grid operator sets for the energy companies should depend on the grid's quality standard. Co-generation can be fostered with guaranteed tariffs that the producer gets for electricity from CHP. Gas and fuel used for co-generation should be tax-free. Local authorities that generate energy locally should be encouraged to do so through planning and through developing local partnerships whereby joint planning for energy capacity can be developed across the public sector, and with the private sector. Where energy is generated locally and there is excess capacity there must be free and easy access for the excess energy to be sold back to the national/regional grid to ensure that energy is not wasted.

14. Encouraging electricity and gas providers to offer an energy service (i.e. agreeing to heat a house to an agreed temperature and to provide lighting services) rather than simply providing energy is a good way to promote energy efficiency. Under such arrangements the energy provider has an economic interest that the property is energy efficient and that necessary investments are made. Otherwise, electricity and gas companies have an economic interest that such investments are not made, because they sell more energy. How could such practices be promoted? Is a voluntary code or agreement necessary or adequate?

Energy service companies (ESCO) work on an extremely difficult terrain. If the baseline used for calculation changes, the ESCO and the customer have to agree on new conditions. This may limit the energy savings ESCOs can achieve through the sales of energy efficiency services. General saving potentials can be higher if all energy customers are pushed to invest to reduce the energy bill because of economic pressure. CEMR believes taxation policy can help to develop strong and viable markets for energy-efficient technologies and energy efficiency services.

17. A new balance between modes of transport – a major theme of the strategy set out in the White Paper that the Commission adopted in 2001 on a European transport policy for 2010 – is still a top priority. What more could be done to increase the market share of rail, maritime and inland waterway transport?

CEMR strongly believes a transport modal shift is necessary. In order to improve the quality of life of citizens in EU cities, villages and regions, and in order to comply with the EU legislation on air quality, we need to decrease the share of the car in our transport habits and increase the share of other modes. Public transport must be improved and developed. Land use policies must avoid urban sprawl and integrate housing and public transport policies¹³.

Local taxation schemes such as congestion charges can help limiting car use while providing additional finance to public transport.

CEMR calls on the European Commission to develop EU systems of benchmarking and exchange of best practices on urban transport planning and policies that will allow cities to move towards more environmentally friendly transport modal splits. In 2005 CEMR published a manifesto¹⁴, “Achieving sustainable mobility in Europe’s towns and municipalities”, that calls for sustainable mobility policies to be developed and placed at the core of EU, national, regional and local actions. It also calls for better quality public transport as well as for the promotion of alternatives to the use of private cars.

Furthermore, CEMR participates in an EU project, NICHES¹⁵, that aims to promote the transferability and diffusion of innovative local transport schemes.

18. In order to improve energy efficiency it is necessary to complete certain

¹³ For instance, in Copenhagen, for 50 years, a strong planning policy and the integration of urban, housing and transport policies have led to a rather balanced modal split: in 2000, trips from home to work are shared as follows : 31% by public transport, 30% by car, 33% by bicycle, and around 6% by foot.

¹⁴ http://www.ccre.org/bases/T_599_21_3524.pdf

¹⁵ www.niches-transport.org

infrastructure projects from the trans-European transport network. How should the investments needed for infrastructure projects be developed, using what sources of financing?

The GALILEO satellite navigation system can have important potential in terms of general transport infrastructure charging, whereby EU drivers would be charged by the kilometer according to criteria such as time and peak hours, energy efficiency and emissions, population density etc. CEMR would welcome further developments of the initiative and debate the European Commission launched, following the publication of the 2001 Transport White Paper, on transport infrastructure charging. There should be caution, if GALILEO is used to improve traffic flow, that this does not lead to the generation of additional traffic and thus to an increase in energy consumption.

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

Standards to reduce the emissions level in private vehicles must be a priority, as should tackling the rising emissions growth from air travel and its impacts, including transport and travel around airports. The planning system should be more flexible to incorporating the new re-fuelling infrastructure that is necessary for a hydrogen economy, and to boost the use of LPG etc. National, regional and local authorities have a role to play here; it should not be left just to the industry.

20. Should public authorities (state, administrations, regional and local authorities) be obliged in their public procurement to buy a percentage of energy efficient vehicles for their fleets? If so, how could this be organised in a manner that is technology neutral (i.e. it does not result in distorting the market towards one particular technology).

CEMR certainly supports the development of the market for cleaner and alternative fuel vehicles. Many local authorities are frontrunners in this field (the city of Stockholm¹⁶, for instance). On public procurement, CEMR is not in favour of imposing obligations to use procurement, as proposed by the draft directive proposal on the "promotion of clean road transport vehicles"¹⁷ particularly for costly items such as vehicles. Guidance and criteria on how to use public procurement to promote clean vehicles would be much welcome. Authorities must be able to keep a minimum level of flexibility as to the products and technologies they want to buy. Local and regional authorities are willing (and already doing so in many cases) to use on a voluntary basis their procurement to buy energy efficient and cleaner products.

® see also response to question 6

21. Infrastructure charging, notably paying to use roads, has started to be introduced in Europe. A first proposal was made in 2003 to strengthen the charging of professional road transport. Local congestion charges have now been introduced in some cities. What should be the next steps in infrastructure

¹⁶ see http://www.miljobilar.stockholm.se/templates/MIS_Article_2132.aspx

¹⁷ COM(2005) 634

charging? How far should “external costs” such as pollution, congestion and accidents be directly charged to those causing them in this manner?

On the revision of the Eurovignette directive, CEMR lobbied the European Parliament, insisting on the need to preserve the freedom of local authorities to set up their own road pricing schemes, asking for the possibility of a toll mark-up in urban areas, and stressing the importance of the internalisation of external costs. CEMR welcomes the agreement between the Parliament and the Council of Ministers at the end of 2005, by which the scope of the directive is extended to all vehicles above 3.5 tonnes (as also advocated by CEMR) and the freedom of local authorities is preserved. Nevertheless, CEMR would have liked to see a requirement to include external costs in the toll base.

CEMR supports the development of transport infrastructure charging. The experience of London¹⁸ has proven to be largely positive. CEMR recommends that the revenue of congestion charges is earmarked towards public transport.

CEMR would call on the European Commission to promote the exchange of best practises on congestion charging. ® see also response to questions 17, 18

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?

The European Commission could develop local financing tools like revolving funds. These funds should be fed locally, nationally and by the European level. These funds should be used to invest in highly cost efficient projects at the local level. The pay-back should be used to finance additional projects. A stringent reporting for these projects would be necessary.

® see also response to question 7

23-25. Should energy efficiency issues be more integrated in the Union’s relationships with third countries, especially its neighbours? If so, how? How can energy efficiency become a key part of the integration of regional markets? Is it necessary to encourage the international financial institutions to pay more attention to demand management issues in their technical and financial assistance to third countries? If so, what could be the most effective mechanisms or investments? How could advances in energy efficiency technology and processes in Europe be put to effective use in developing countries? Should the Union negotiate tariff or non tariff advantages within the WTO for energy efficient products and encourage other members of WTO to do the same?

CEMR welcomes the fact that these issues are addressed by the Green Paper. International financial institutions must be required to 'climate proof' their policies and aid, as must the EU and national governments. Resilience to disasters and disaster reduction for developing countries should be more of a focus. Energy efficiency

¹⁸ In London, since the introduction of the congestion charge in 2003, congestion has reduced by 30% and traffic volume by 15%, while traffic speed has increased by 15%. Traffic changes related to the charging scheme are estimated to have led to savings of 19% in traffic-related emissions of CO₂, and 12% in emissions of NO_x and fine particles. Bus use has risen 38%, thanks to an improvement of 15% of bus journey times in central London and thanks to new investments in the bus fleet permitted by the congestion charge' revenue.

improvements in developing countries should not necessarily seek to control their energy demand but make better use out of the units of energy that are consumed. More focus should be placed on helping developing countries to exploit newer technologies and the existing resources they hold, particularly in terms of renewable energy (to that purpose, member states and industry can use the Kyoto tools such as Clean Development Mechanism). They have an opportunity here in terms of skills and technology development - China for instance is growing increasingly aware of the need to “de-carbonise” its economic growth.

The EU should promote and fund international partnerships at the local level through associations of local authorities. The EU should negotiate within WTO on tariff advantages and commercial agreements for energy efficient products (e.g. making voluntary agreements on car standards with non EU car manufacturers more efficient).

ANNEX

Local and regional involvement in energy efficiency

1. Energy issues have a major impact on the everyday life of EU citizens. Energy decisions have environmental and employment impacts with implications for sustainable development, and influence the security of energy supply. Municipalities, as the public body closest to citizens, can control and influence many energy decisions that can affect the quality of life of citizens.
2. The local governments work with all aspects of energy policies. Local and regional authorities can influence **energy demand** directly through the management of their own energy use, but also indirectly by informing and motivating end-users as to how they can use energy more efficiently. Energy management is a fast and easy way to reduce the energy consumption, merely by optimising the operation of buildings. Many cities already active in the field of energy management have been able to reduce the specific energy consumption of buildings by up to 40 %¹⁹. Strategic decisions related to urban development such as the promotion of high urban densities, integrated land use and transport planning influence the energy consumption of the citizens.

The local and regional authority as consumer and model

3. In providing public services, local and regional authorities consume substantial amounts of energy for example for heating, hot water, lighting public buildings and public spaces, and providing public transport. Energy saving programmes and actions such as including high-energy efficiency requirements into public procurement can improve the energy performance in the long run and reduce public expenditure. The operation of buildings and transport vehicles owned by public authorities are areas in which considerable savings can be realised.
4. Local and regional authorities also need to set a good example through their own actions. The building certificates that local authorities have to display due to the EU “Building” directive will provide an additional incentive of reducing the energy consumption of public buildings and allow the inhabitants of the municipality to see themselves whether the public building is energy efficient.

The local and regional authority as planner and regulator

5. Land use planning and the organisation of transport systems are responsibilities of most local and regional governments. Strategic decisions concerning urban development such as promotion of high urban densities and mixed use of buildings (balanced housing, services, jobs ratio) also influence the energy consumption of the citizens. For example integrated environmental and mobility planning can help to reduce the energy use of transport and change the mobility patterns of citizens. Measures that discourage car use and encourage non-motorised or collective transport are obvious examples. If supported by a good regulatory and financial framework, municipalities can

¹⁹ The city of Stuttgart for example was able to reduce the heat consumption of its premises by 43 % (www.stuttgart.de/energie Energiebericht 2003)

develop sustainable mobility plans and encourage shifts towards more sustainable transport modes, notably through planning policies²⁰.

The local and regional authority as advisor and promoter

6. Local and regional authorities can help to inform and motivate end-users on how they can use energy more efficiently. Apart from savings that consumers make on their energy bills, intelligent energy use will lead to an increase in the quality of life in terms of comfort, and health through better outdoor and indoor air quality.
7. The opening of the EU electricity markets means that each company or a private customer can choose their energy producer. Local and regional authorities can give advice on how to choose electricity coming from renewable energy sources. In addition schemes for using local renewable solutions, such as solar panels, can be encouraged and subsidised.

The local authority as producer, supplier and manager

8. Local and regional authorities take important decisions that have an impact on the energy supply side. Decisions on the energy mix in favour of renewable energy can promote local energy production and reduce dependencies on energy resources from other parts of the world. Combined Heat and Power (CHP) district-heating systems using biomass instead of oil provide a good example. Locally produced energy will also provide both local employment and positive social and regional development effects.
9. Energy companies should help local and regional authorities for their energy management by generalising **metering** in homes and buildings. It is most important that real data from intelligent metering in buildings is utilised to check their energy performance. People can only respond to behavioural changes where good quality data has been provided in real time. This is a key to making existing buildings perform and also monitoring new buildings. CEMR supports the provisions on metering and **consumer information** contained in the directive proposal on “Energy end-use efficiency and energy services” (COM (2003) 739)²¹. These are important tools for an effective monitoring of the implementation of the “Buildings” directive and of any legislation related to energy savings.

Local and regional authorities and climate change

10. Local and regional authorities throughout the EU are growing increasingly aware of the issue of **climate change**. They realise that this problem can impact directly on them (extreme weather events, floods, changes in local ecosystems, impact on tourism etc.). Local actions can contribute to mitigate the effects of climate change at the local and global level. Many initiatives to fight climate change relate to the improvement of energy efficiency.

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²⁰ see also the manifesto on sustainable mobility published by CEMR in 2005 at: http://www.ccre.org/bases/T_599_21_3524.pdf

²¹ and as agreed between the European parliament and the Council of Ministers in the resolution of 13-12-05 (P6_TA-PROV(2005)0496)