



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

EU Energy Policy

CEMR POLICY STATEMENT

September 2007

Conseil des Communes et Régions d'Europe • Council of European Municipalities and Regions
15 Rue de Richelieu F-75 001 Paris
tel : + 33 1 44 50 59 59

cemr@ccre.org - www.ccre.org

Square de Meeûs 1, B-1000 Bruxelles
Tel : + 32 2 511 74 77

Executive Summary

1. CEMR welcomes and supports the EU Energy Strategy of the European Commission and the European Council's commitments to achieve a sustainable and efficient production and use of energy.
2. We would like to encourage the European legislator to even go further providing a real vision on the in-depth structural changes that are needed in order to move towards an energy efficient European society.
3. CEMR regrets that the essential role of local and regional authorities in energy policy is not recognised by the European Union initiatives and advocates a close coordination between the different levels of government, which is indispensable for the implementation of a sustainable and secure energy policy.
4. 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 take the necessary measures.
5. We believe that some level of binding objectives is indispensable if we want to achieve a sustainable energy policy and a major shift in energy habits, to tackle climate change, pollution and energy dependency. However, flexibility should be provided, since local conditions, needs and means vary greatly.
6. The EU and the national governments must encourage and facilitate the development of decentralised energy production, by removing regulatory obstacles, providing adequate financial support and the right regulatory framework.
7. The directive on energy end-use efficiency and energy services requires the public sector to lead by example. CEMR hopes that national governments take the opportunity of a thorough implementation to promote sound municipal and regional energy management and energy efficiency.

Introduction

1. In the recent past, energy issues have achieved higher priority on the political agenda of the European Union and the Member States.
2. Local and regional government become more aware of climate change and the contribution of energy use. They realise the potential to save energy and to reduce public spending and thus more and more implement sustainable energy measures.
3. Last year CEMR published a guidebook for local and regional authorities on how to develop sustainable energy policies that also protect the climate.¹ The publication has been a great success and has been disseminated in many countries.
4. CEMR also promotes the Aalborg Commitments² that set local sustainability targets, including on energy and climate change.
5. We will continue to promote the development of sustainable energy at local and regional level and will encourage our members to contribute to the EU objectives, including the targets on renewable energies and greenhouse gases.
6. Many local and regional authorities are committed to show the way forward through their own innovative and bold initiatives and CEMR will continue representing their interests at EU level.
7. The recent various initiatives of the European Commission are to be welcomed. But they rely considerably on existing Community directives, initiatives or projects. They also have a very technical approach and the technical tools are fundamental. Nevertheless, instruments relating to social issues, public health, lifestyle and behaviour ought to be explored further and taken into consideration.
8. Furthermore, the EU strategy 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. CEMR advocates a EU-wide large public debate on “energy transition management”, i.e. the structural changes that are needed to move towards general sustainable energy practices and policies and what these changes mean to citizens, public authorities and the private sector.

CEMR’s view on the EU Energy Strategy “An Energy Policy for Europe”

9. CEMR generally supports the EU Energy Strategy proposed by the European Commission in January 2007. This strategy offers the advantage of proposing an integrated approach to EU energy policy, by addressing together sustainability, efficiency, supply and market issues. CEMR has advocated such an integrated approach before, notably in our response to the Green Paper on Energy Efficiency³. CEMR regrets,

¹ available in English, German and Spanish at : http://www.ccre.org/publications_en.htm

² www.aalborgplus10.dk

³ http://www.ccre.org/prises_de_positions_detail_en.htm?ID=49&idca=5

however, that the essential role of local and regional authorities in energy policy is not recognised and addressed further in the Strategy.

10. CEMR generally tends to address constraining targets with caution; however, in the case of sustainable energy, CEMR believes some level of binding objectives is indispensable if we want to achieve the required major shift in our energy habits and organisation needed to tackle climate change, pollution and energy dependency. CEMR therefore welcomes the roadmap on renewable energy and the proposed overall target for the EU with nationally differentiated targets. The flexibility left to Member States to choose their own sectoral targets is a good thing too. There must also be flexibility at the local and regional levels in order to take into account the different levels of advancement; for some authorities well advanced in sustainable energy, going further can be very difficult and / or very expensive. We therefore are not supporting uniform targets.
11. We are pleased that the EU heads of state and government have agreed to commit themselves to this objective at the European Council meeting in March⁴. By doing so, they have taken an important step towards the making of a EU energy policy and have sent a strong signal in favour of sustainable energy by agreeing on binding renewable energy targets and by supporting the objectives of the Green Paper and of the Action Plan on Energy Efficiency. Furthermore, we welcome the integrated approach the European Council is pursuing on energy and climate change.
12. CEMR also welcomes the invitation from the Council to the Commission to rapidly submit proposals to increase energy efficiency of office, household and street lighting. We hope that public consultations will be organised and wish to contribute and provide the experience of our members. Street lighting, which represents a large part of municipal energy bills, is a concrete example on how synergies among the different levels of government are needed to achieve the best results.
13. The EU should set efficiency standards on light bulbs, national governments should provide revolving funds or loans to local authorities to pay for the upfront costs of switching to more efficient bulbs. In turn, municipalities will undertake the works and pay back thanks to the savings they will make on their electricity bill. However, flexibility should be provided for local and regional authorities, allowing them to adapt the standards according to their level of advancement.
14. CEMR also very much welcomes the fact that the importance of decentralised energy production is recognised and encouraged by the Strategy: indeed, decentralised energy supply operates at far higher efficiencies, as little energy is lost during transmission and distribution processes. Decentralised energy using renewable technologies, particularly combined heat and power, has the potential to deliver the greenest energy with the lowest emissions. Moreover, the development of such energy creates local employment. The EU and the national

⁴ Conclusions of the European Council of 8-9 March 2007

governments must encourage and facilitate its development, by removing regulatory obstacles, by providing the adequate financial support and the right regulatory framework and guaranteeing, for what concerns electricity, its access to the general grid, so that surplus power can be sold on the energy market.

15. CEMR had welcomed the adoption by the European Commission of the action plan on energy efficiency, which is now incorporated in the Strategy. The action plan rightly recognises - although not to the extent as we would have wished - the important role of the local and regional levels in delivering a more energy efficient society. CEMR welcomes in particular tools that may benefit the local and regional levels, such as the promotion of local revolving funds, the Covenant of Mayors, and the promotion of the connection to energy networks of decentralised generation. The emphasis on the building sector is important too. As a first step, this will hopefully push Member States to take more seriously the implementation of the directive on the energy performance of buildings. The adoption of minimum energy performance standards for a wide range of products and of efficiency requirements for energy capacity is to be welcomed too.
16. An important aspect of the action plan is the effective implementation of the Directive on energy end-use efficiency and energy services. CEMR believes that this directive can have an important potential and calls on national governments to ensure a thorough implementation. We hope that the national action plans, which the governments had to develop by June 2007 are ambitious in their objectives and that local and regional authorities will be enabled to contribute as much as possible.
17. This directive requires the public sector to lead by example, while leaving some important flexibility to national governments how they want to implement this exemplary role of the public authorities. Article 5 "Energy end-use efficiency in the public sector" clearly associates the local and regional levels. CEMR hopes that national governments take the opportunity of a thorough implementation of article 5 to promote sound municipal and regional energy management and energy efficiency: governments can provide, notably through the energy efficiency funds governments are encouraged to set up under article 11, financial support to local and regional authorities in order to develop sustainable energy policies (efficiency, renewables, etc.). This can be also done through revolving loans or funds (the borrowing authority will refund the loan when its energy efficiency investments start paying back thanks to the savings on the energy bill).

Local and regional authorities and EU energy policy

18. CEMR is aware that, under the current EU Treaties, energy is not a EU common policy and that the EU has limited competence in this field. Nevertheless, regarding sustainable energy, CEMR believes the EU level is well placed to provide the overall policy push. The global nature

of energy related issues (supply and strategy, environment, climate change etc.) and the reality of the EU internal market (state aid, procurement and competition rules, EU energy market) calls for the EU to act meaningfully on energy. CEMR therefore supports the efforts of the European Commission to develop an EU energy policy and is satisfied with decisions of the Spring Council.

19. However, CEMR would like to clearly stress that a close coordination between the different levels of government is indispensable for the implementation of a sustainable and secure energy policy. 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 take the necessary measures. As a large debate has started about the European energy responsibilities, it is important that the different competence levels are clearly defined.
20. The different government levels, including local and regional, often invoke –sometimes rightly- the subsidiarity principle to limit the development of EU energy policy and of European initiatives that impact the national or local level. Nevertheless, CEMR is convinced that constructive subsidiarity can be developed in the energy field. Indeed, the different government levels clearly need each other and are complementary.
21. CEMR therefore would like that the opportunity of the two recent Green Papers⁵ and of the new EU strategy on energy (COM(2007) 1) is used to initiate an important constructive debate on how the different levels of government should work together in order to respond to today's energy challenges.
22. This debate should be integrated with the debate on “energy transition management” that we also advocate (see point 8) and should also address the practical implications of developing local sustainable energy policies, notably renewable energies. Indeed, the planning of new renewable energy facilities like wind farms and biomass plants should be based in wide inclusive decision making processes. Local authorities often face strong opposition by citizens on the location of sustainable energy facilities planned, in many cases, at the national level. These conflicts are not only the expression of the “NIMBY”⁶ syndrome, but also the result of weak participatory processes. CEMR would welcome an approach to energy transition based on a wide involvement of citizens not only as final energy users, but as partners in energy strategy design, at all levels of government.
23. Furthermore, ethical issues related to renewable energy must also be addressed, such as the use of palm oil or wood coming from third world countries to produce energy in biomass plants and the use of food crops to feed biomass plants and to produce biofuels. The development of sustainable energy cannot be limited to technical transition

⁵ Green Paper on Energy Efficiency, Green Paper on a European Strategy for Sustainable, Competitive and Secure Energy

⁶ “Not in My Backyard”

from fossil to renewable sources but should assess the social, political, ethical, environmental, and economical implications and accept the challenge of communication, participation and inclusion.

CEMR would like to put forward the following propositions:

The EU should pursue an ambitious sustainable energy policy, including binding targets on renewable energy. However, as local conditions, needs and means vary greatly, any binding measures put directly on the local and regional level should be considered with extreme caution and in close consultation with the concerned actors.

The EU and national governments should provide a regulatory and fiscal framework that favours sustainable energy and supports local energy generation, notably by removing obstacles against the development of the latter and by ensuring its access to the general grid.

Local and regional government is associated to European and national energy policy and should therefore be closely consulted in the preparation and implementation of the policy.

The EU and national governments should offer financial incentives to local and regional authorities to develop energy efficiency schemes, notably through the structural funds, national subsidies and promoting local revolving funds (as announced in the action plan on energy efficiency) and small-scale loans from commercial banks.

The EU and national governments should run public awareness campaigns on energy efficiency and climate change and help local and regional authorities to also do so.

* * * * *

ANNEX

Energy hierarchy

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. 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**

The role of local and regional authorities in the energy field

Energy services are largely local in character. Energy issues have a major impact on the everyday life of 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.

The local governments work with all aspects of energy policies. Local and regional authorities can act as **consumers** and 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 %⁷.

⁷ The city of Stuttgart for example was able to reduce the heat consumption of its premises by 43 % (www.stuttgart.de/energie Energiebericht 2003)

Local and regional authorities can also act as **service providers** (ex: develop cleaner public transport, and public transport in general), **planners** (ex: use urban planning competences to limit energy use and to limit urban sprawl), **developer and regulator** (ex: insert energy efficiency criteria in construction permits), **advisor and motivator** (ex: educate citizens, provide them with technical advisors), **producer and supplier** (in some countries, local and regional authorities are responsible for the production and supply of local energy, they many times develop renewable energies such as biomass). Local and regional authorities are key players in energy policy ; nevertheless, national and European authorities are not always fully aware of this important role.

* * * * *