

**Opinion of the European Economic and Social Committee on the 'Communication from the Commission to the Council and the European Parliament on a first assessment of national energy efficiency action plans as required by Directive 2006/32/EC on energy end-use efficiency and energy services — Moving forward together on energy efficiency'**

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On 23 January 2008 the Commission decided to consult the European Economic and Social Committee, under Article 262 of the Treaty establishing the European Community, on the

*Communication from the Commission to the Council and the European Parliament on a first assessment of national energy efficiency action plans as required by Directive 2006/32/EC on energy end-use efficiency and energy services — Moving forward together on energy efficiency.*

The Section for Transport, Energy, Infrastructure and the Information Society, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 16 July 2008. The rapporteur was Mr Iozia.

At its 447th plenary session, held on 17 and 18 September 2008 (meeting of 17 September), the European Economic and Social Committee adopted the following opinion by 142 votes to six with three abstentions.

## 1. Conclusions and recommendations

1.1 In several recent opinions on energy efficiency in general <sup>(1)</sup> and energy efficiency in buildings in particular <sup>(2)</sup>, the European Economic and Social Committee has expressed strong, almost unanimous support for a serious policy on energy efficiency.

1.2 The EESC deplores the failure of the Member States to produce their national energy efficiency action plans (NEEAPs) on time. The EESC also regrets that, with a few exceptions, the documents analysed do not demonstrate a strong and serious commitment by the Member States to achieving these objectives. This is particularly true in the main areas of energy consumption: private transport and housing.

1.3 Only two Member States met the deadline for notification, a further 15 were between two and six months late, two presented their plans when the Commission's assessment had already been completed and the remaining eight did so even later. It was not until early April 2008 that all the plans were ready, ten months after the original deadline.

1.4 The EESC notes that the savings resulting from the energy efficiency plans under the Commission's programmes are supposed to make the main contribution to reducing greenhouse gases. The target of reducing energy consumption by 20 % in 2020 includes a reduction in CO<sub>2</sub> emissions of 780 Mteq. Given that UE emissions amounted to 5 294 Mteq for the EU-25 in 2006 (European Environment Agency Report 2006), it is clear that energy efficiency can make an invaluable contribution.

1.5 The EESC notes that, in order to prevent world temperatures rising by more than 2 °C, the concentration of greenhouse gases (currently around 425 ppm of CO<sub>2</sub> eq by volume) will

have to be kept well below the limit of 550 ppm <sup>(3)</sup>. Given that the concentration increases by 2-3 ppm every year, stabilising it at 450 ppm could offer a 50 % probability of meeting the target of limiting the increase in average temperature to less than 2 °C.

1.6 There were glaring differences in the way the Member States produced their plans. The NEEAPs ranged in length from 13 pages to 221 pages, making it virtually impossible to draw any comparisons. Many were produced only in the national language, making them difficult to understand. The EESC recommends the adoption of a model like the one produced as part of the EMEEES project (Evaluation and Monitoring for the EU Directive on Energy End-Use Efficiency and Energy Services) in conjunction with the Wuppertal Institute for Climate Environment and Energy.

1.7 The Member States have, for example, reached agreement with the EEA on a model for the National Inventory Report. The EESC believes that the same procedure could be adopted here, provided that the model could be made more flexible by using specific appendices for each field (housing, transport, etc.).

1.8 The EESC believes that the instrument of voluntary agreements with national operators is useful, but it should be clear from any agreements approved that failure to meet the targets will result in the imposition of compulsory standards.

1.9 The Commission is already taking a number of measures, which were announced back in 2006, to make energy savings compulsory and plans to follow Australia's example and phase out incandescent light bulbs which use 90 % of their energy to produce heat and only 10 % to produce light. The EESC hopes that manufacturers will find ways of cutting the price of

<sup>(1)</sup> CESE 242/2006, rapporteur: Mr Buffetaut and CESE 1243/2007, rapporteur: Mr Iozia.

<sup>(2)</sup> CESE 1338/2007, rapporteur: Mr Pezzini.

<sup>(3)</sup> Parts per million.

fluorescent bulbs, that government institutions in the EU Member States will promote their larger-scale manufacture, that energy-saving bulbs will become more durable and compact and that problems with their recycling can be solved.

1.10 The next EEA report, due to be published by the end of June 2008, will show that there was a reduction in greenhouse gases between 2005 and 2006 of 35.8 Mteq of CO<sub>2</sub>. Interestingly, the main contribution to this has come from private houses and offices, which have achieved savings of 15.1 Mteq. Production of electricity and heating, on the other hand, showed an increase of 14 Mteq. Despite the reduction, the report shows that the UE-27 achieved an improvement of less than 0.5 % compared with 1990, and certain Member States need to step up their efforts.

1.11 The liberalisation of the energy market could accelerate energy savings because production and distribution systems with different levels of efficiency will face one another in the market, which could potentially stimulate research and investment to reduce waste. Over 30 % of energy is lost at the generating stage alone. In a recent opinion <sup>(4)</sup> the EESC backed the Commission's proposals on the third energy package, aimed at creating an effective European energy market.

1.12 The EESC firmly believes that there is room for improvement and more needs to be done. It would like more details about the Commission's conclusions on completion of its assessment of the national action plans and wishes to be given the opportunity to express its own opinion on the outcome of this assessment.

1.13 The EESC has repeatedly called for the involvement of civil society in Europe and the Member States, on the grounds that the full knowledge and support of the European public are essential if the targets for energy efficiency are to be met. The recommendations coming from civil society need to be given serious consideration. The measures adopted must always take into account the difficulties many millions of ordinary people have in coping with the problems of daily life. Energy saving programmes will inevitably entail costs and should provide for carefully chosen measures and appropriate support for the less well-off, who have to meet the costs of rising energy prices but are unable to reduce their bills, for example because they cannot afford energy-saving measures in the home.

1.14 The EESC insists that the initiatives in the field of energy efficiency must be specific and feasible and wonders whether at least some of the measures should be made compulsory, with checks to determine how far the practical results fall short of the plans, as was the case with vehicle emissions, the CO<sub>2</sub> reduction in general, greenhouse gas emissions and renewable energies.

1.15 The national action plans do not clearly specify what measures and resources will be used to involve the final users in

a major European energy efficiency and energy saving plan. The EESC has on several occasions drawn attention to the essential role that organised civil society could play in identifying good examples of information provision and the sharing of best practice. The EESC would like to discuss this issue with the European institutions that do not seem to be particularly committed or aware.

1.16 The EESC recommends that the European Commission and the Member States set up a specific integrated monitoring system of the sort used for water policies, for example. Such a system is essential in view of the lack of information about and assessment of the impact of the EU's energy efficiency policies on final users (particularly SMEs) and the absence of any methodology for verifying the consistency between international and European targets or a process for monitoring the results achieved by these users.

1.17 In some sectors, such as social housing, the building stock consists of very old and inefficient dwellings. More than 25 million homes require urgent and complex modifications. The EESC hopes that plans will be launched to renovate public housing with funding from the EIB. There is no mention of such measures in the NEEAPs.

1.18 The EESC believes that market instruments, similar to those already in operation, could make a valuable contribution. Creating a market in 'negawatts', or electrical energy efficiency, for final consumers as well could provide a useful incentive for ordinary citizens to adopt good energy saving practices. Given that replacing incandescent light bulbs alone could produce savings equivalent to at least 80 power stations of 1 000 MW (almost equal to Italy's gross installed capacity), it is clearly in the interests of producers to support energy efficiency, which will enable them to satisfy more customers while generating the same amount of electricity.

1.19 The EESC hopes that there will be a renewed positive trend, that the Member States will take policy on energy efficiency and energy saving seriously and that this will be reflected in serious, credible and realistic national plans with measurable objectives. An indication should also be given of the resources which the Member States intend to devote to providing adequate support for the investment by individuals and companies that is required.

## 2. Introduction

2.1 In its Communication on the first assessment of national energy efficiency action plans (NEEAPs) entitled 'Moving forward together on energy efficiency', the Commission fulfils an obligation under Article 14(5) of Directive 2006/32/EC to publish an assessment of the 27 national action plans by 1 January 2008. The second report must be published before 1 January 2012 and the third before 1 January 2015.

<sup>(4)</sup> CESE 758/2008, rapporteur: Mr Cedrone.

2.2 The targets to which the Communication refers were laid down in Article 4(1) of the Directive, which states that 'Member States shall adopt and aim to achieve an overall national indicative energy savings target of 9 % for the ninth year of application of this Directive, to be reached by way of energy services and other energy efficiency improvement measures.'

2.3 The Commission reports that only two Member States met the deadline for notification (Finland and the United Kingdom), while a further 15 notified plans late: Austria, Bulgaria, the Czech Republic, Cyprus, Denmark, Estonia, Germany, Ireland, Italy, Lithuania, Malta, the Netherlands, Poland, Romania and Spain. Belgium and Slovakia submitted their NEEAPs at the end of 2007, too late to be included in the assessment.

### 3. The Commission Communication

3.1 It appears from the plans that five Member States have set themselves more ambitious targets than those laid down in the Directive, others have set much higher targets, but have not made them official commitments. Of the 17 plans evaluated, six did not cover the full period referred to in the Directive (i.e. up to 2016). Examples of the exemplary role of the public sector were found in Ireland, which has adopted a public sector savings target of 33 % by 2020, Germany, which is committed to a 30 % reduction in CO<sub>2</sub> emissions for the public sector by 2012, and the United Kingdom, which is aiming for carbon neutral central government buildings by 2012.

3.2 The report mentions a number of national campaigns, such as Ireland's Power of One, which includes an internet site for exchanging best practices between the public and private sector; the use of energy audits in public buildings in Denmark, with compulsory implementation of the resulting recommendations, Germany's major retrofit programme for its federal buildings which has a budget of 120 million euros, and the appointment in Malta of Green Leaders — officials in each ministry responsible for energy efficiency and promoting renewable energy.

3.3 The United Kingdom will apply the Code for Sustainable Homes to all its housing developments, requiring all new homes to comply with the Code's Level 3 — a 25 % energy performance improvement compared to the 2006 building code. Austria is working to make public buildings more efficient than the legal requirements, while Spain plans to update public street lighting systems with modern and more efficient equipment and improve energy efficiency in the treatment and supply of drinking water.

3.4 Poland and Finland will require the public sector to achieve energy savings at a level at least equal to the national target, as already achieved at municipal level, while

the Netherlands aims to lead the field by ensuring that by 2010 100 % of national and 50 % of local and regional public procurement includes sustainable procurement criteria.

3.5 Tax incentives are felt to be extremely important. Germany and Austria are targeting energy efficiency in buildings, which account for 40 % of energy consumption, and Lithuania plans to introduce a reduced rate of VAT (9 % instead of 18 %) on publicly financed housing. The Netherlands plans to offer an Energy Investment Deduction to private companies, while Italy has introduced a gross tax deduction of up to 55 % for the purchase of energy efficient consumer durables (A+ rated refrigerators and boilers) and lighting equipment, and for energy efficiency building refurbishment.

3.6 Voluntary agreements are seen as a useful tool, particularly in Finland (in the period under review they covered around 60 % of final energy use and the aim is to reach 90 % by 2016), the Netherlands, where they apply mainly to businesses, and Denmark which, by contrast, uses them for public procurement. Spain, Poland, the United Kingdom, Romania and Ireland plan to introduce voluntary agreements as a key instrument to achieve energy savings.

3.7 Market-based instruments feature in the national plans of a small number of countries. One example is Italy's white certificates scheme, which it plans to extend until 2014 and which Poland intends to adopt. The United Kingdom's Energy Efficiency Commitment will be extended until 2020. It has been renamed the Carbon Emission Reduction Target and will have a savings target almost double that for the period 2008-2011. Several countries (particularly Austria, Germany, Ireland, Italy, Poland and Spain) attach great importance to the Energy Service Companies (ESCOs), which have not yet fulfilled their expectations.

3.8 Bulgaria, Romania and the United Kingdom are planning to set up funds and funding mechanisms targeting the commercial and residential sectors. Information, education and training policies are not implemented in the same way by the national energy agencies, which have different mandates; some countries, like Denmark and Italy, have chosen to devolve these tasks to regional and local agencies.

3.9 Transport, which accounts for over a third of energy consumption, is seen as particularly important by many countries, but in practice only Austria and Ireland are proposing specific measures to promote a modal shift to public transport.

3.10 Most of the plans presented adopt a 'business-as-usual' approach, and in several Member States there is a considerable gap between the political commitment and the measures adopted and resources allocated.

3.11 In addition to closely monitoring the transposition of the Directive, the Commission will try to facilitate its implementation by means of the Intelligent Energy Europe Programme. It will launch a web-based platform to gather and present input from stakeholders, who will be involved in supporting the implementation of the Directive and, hopefully, contribute to the adoption of national measures and the preparation of the next NEEAPs. The national plans will be assessed as part of the Energy Efficiency Watch project.

3.12 The Commission concludes by reiterating the importance of international cooperation and referring to its initiative of setting up an international platform on energy efficiency to help develop technical standards, trade and technology transfer. The major challenges Europe faces and the responsibility it wants to assume in the field of climate change, security and sustainability of energy supplies, and reducing greenhouse gas emissions require strong and effective programmes to improve energy efficiency.

#### 4. Specific comments

4.1 The first clearly negative aspect of this Communication is that only two of the 27 Member States met the deadline for presenting National Energy Efficiency Action Plans laid down in the Directive. A further 15 managed to produce their conclusions shortly thereafter and two countries submitted reports too late for inclusion in the assessment, but there was no sign of any report from the remaining eight. A year after the deadline of 30 June 2007 one Member State has still failed to produce a report.

4.2 The second negative element to emerge from the Commission's conclusions is that, with a few exceptions, the documents analysed did not demonstrate the strong and serious commitment that the situation demands. It is more and more common for Heads of State and Government, representing the Member States, happily to approve directives in Brussels which they cannot or will not comply with when they get home. The Lisbon Agenda is the most blatant example, but the books are full of such contradictory behaviour. And there will no doubt be more instances in future.

4.3 Reading the national action plans, one is struck by the absence of any frame of reference and the lack of uniformity in the format and content of the plans, which makes them difficult to read and almost impossible to compare. As part of the EMEES project (Evaluation and Monitoring for the EU Directive on Energy End-Use Efficiency and Energy Services) carried out in conjunction with the Wuppertal Institute for Climate Environment and Energy, a model was drawn up, precisely to facilitate the drafting of the national action plans. Belgium wrote a letter complaining that this important model was not produced until 11 May, just a few days before the deadline for submitting the national plans.

4.4 The documents range from 13 pages for the Czech Republic and Lithuania to 41 pages for Romania and 89 for Malta, among the new EU Member States. In the case of the large states, France's report was 37 pages, Germany's 102 pages, Spain's 211 pages and the United Kingdom's 214 pages. As for Belgium, because of its federal system it had to produce four documents amounting to a total of 221 pages. The total number of pages produced by 25 Member States (Sweden and Portugal do not yet appear on the Commission site) was 2 161, all with different data, tables and measures. Each country chose its own reference parameters, methodologies and means of communication: the result is discouraging because it is impossible to identify any trend.

4.5 The material published by France, Slovenia, Greece (a draft only), the Netherlands and Luxembourg is in the national language (making it impossible for the rapporteur to read). It is extremely difficult for any exchange of best practice to take place when documents have to be read in their original language, but the Member States were not asked, let alone required, to use a single language for their submissions. The Commission has translated all of the documents into one language, but the delays in submitting the NEEAPs have had repercussions on the translation schedule.

4.6 The EESC would stress the contrast between the objectives of the national plans and the two factors referred to here. Neither encyclopaedic plans nor summaries help us to understand exactly where a country is heading. Excessive detail and excessive conciseness both have the same effect of making a report difficult to read and understand. The EMEES model could be a happy medium between the two extremes. The EESC strongly recommends that for the next round of national plans a common model be adopted that is easy to read and compare.

4.7 With a few commendable exceptions, mentioned in this opinion, the EESC is disappointed by the serious lack of initiatives in the public sector and agriculture. The NEEAPs have little or nothing to say about these highly important sectors.

#### 5. General comments

5.1 In January 2007 the Council asked the Commission to take measures in the field of energy and climate change to meet ambitious targets. These targets were laid down in the third energy package, the renewable energy and climate change package, the Directive on reducing CO<sub>2</sub> emissions from new cars, the new Energy Star Regulation, the Green Paper on urban mobility, which includes incentives for efficient vehicles, and the Strategic Energy Technology Plan.

5.2 These measures contain a few recommendations and a large number of rules. However, having formally approved the measures, the governments are incapable of resisting the pressures from national industry and standing by the choices they have made. They then call for changes in policies which they have collectively agreed, as in the case of CO<sub>2</sub> emissions.

5.3 The reason why the Member States do not seem to be too concerned can be found in the Directive itself. Recital 12 specifically states that 'Even though Member States commit themselves to making efforts to achieve the target figure of 9 %, the national energy savings target is indicative in nature and entails no legally enforceable obligation for Member States to achieve it.'

5.4 This type of legislation (directives containing non-binding objectives without penalties in the event of non-compliance) was typical of the legislative initiatives taken in a particular period and in certain specific fields. Until very recently the Member States insisted on their own sovereignty in matters of energy choices, energy supplies, production and distribution. This led to the sort of 'soft law' which characterised the period in question. The Biofuels Directive (2003/30/EC) set quantitative targets, but imposed no specific obligation to achieve them.

5.5 In these circumstances and under such conditions the target of achieving a 20 % reduction in consumption by 2020, by increasing energy efficiency, will be extremely difficult to meet unless stringent additional measures and/or objectives are adopted.

5.6 The EESC has supported and will continue to support all initiatives aimed at achieving an ever higher level of energy efficiency, in the belief that CO<sub>2</sub> emissions and the EU's energy dependency are two issues of major importance.

5.7 At the same time, the EESC notes the contradiction between general non-binding measures and specific measures aimed at achieving the result, which are binding. Why is the whole not binding but the individual parts are? The Commission itself should set a good example by making public the energy efficiency and energy savings achieved in its own buildings, the initiatives it has undertaken and the funding that has been allocated. An appendix giving the 'federal' viewpoint would help readers to understand the importance of such policies.

5.8 The EESC emphasises the wide disparity between the publicised expectations about the adoption of measures capable of significantly improving energy efficiency and the generally disappointing and unambitious proposals presented by the Member States, and reiterates the need for practical measures in the short, medium and long term to give substance to the declared objectives.

5.9 If this is the conclusion reached, the EESC urges the adoption of measures capable of achieving the objectives rather than a purely cosmetic gesture of the sort made on other occasions.

5.10 The EESC welcomed both Directive 2006/32/EC of the European Parliament and of the Council of 5 April 2006 on energy end-use efficiency and energy services, and the subsequent Action Plan for Energy Efficiency: Realising the Potential

(19 October 2006), but the legislation and guidelines were premised on relatively low oil prices. When the Directive was presented, in 2004, the price of oil was hovering around USD 42 per barrel, while the average price in 2006 was just under USD 62.

5.11 In this context it was understandable that the targets were indicative and that the Commission did not include in the Directive a firm obligation on Member States to meet them. As the EESC once wrote: 'the best energy is unused energy', but if energy-saving is left to the goodwill of the Member States, without any incentive other than their own conscience, the target becomes problematic or simply impracticable.

5.12 But can the European Union afford not to meet the targets of reducing energy intensity by 1.5 % per year? Not to save 390 Mtoe which produce 780 Mt of CO<sub>2</sub>? On the one hand, clear and ambitious targets are being set for reducing greenhouse gas emissions by 20 % and meeting 20 % of our energy needs using renewable sources, while on the other, the most directly attainable target, which would bring an immediate saving, is downplayed and treated like a hypothetical aspiration.

5.13 The EESC notes that in some countries implementation of the plans is devolved to the regional governments, without proper coordination. This means in practice that there is a lack of harmonisation and consistency between regions.

5.14 The EESC deplores the lack of real choice on the supply side and believes greater choice should be provided, coupled with incentives for less well-off groups, and especially for consumers and small and medium-sized businesses, in order rapidly to achieve the desired results. In some countries incentives have produced very encouraging results, for example in the case of white goods.

5.15 The EESC considers the experience with ESCOs to have been a success and is in favour of making such services more widely available to the public and businesses. New professions, new opportunities for skilled employment, benefits in the area of energy efficiency and greenhouse gas reductions are just some of the positive aspects of these services.

5.16 The EESC insists that the Member States are not doing enough to meet the targets that have been set and is convinced that, as in the case of transport emissions, the Commission's initiatives need to be supported, where these seek to place stricter obligations on the Member States. Last year the Commission took several positive initiatives, including i) the new Energy Star Regulation, the standards of which have now become compulsory for public procurement for office equipment; ii) the Green Paper on urban mobility, which suggests funding for more energy-efficient vehicles; iii) the third energy package, which increases the powers of the national regulators in the area of energy efficiency; iv) the Strategic Energy Technology Plan and v) the Regulation on emissions by new cars.

5.17 Other measures are planned for the coming months. These range from new directives on energy-efficiency requirements and green labels for a wide range of products (such as public street lighting and office lighting, minimal consumption standby and off modes) to the new regulations, expected in 2009, on televisions, domestic fridges and freezers, washing machines and dishwashers, boilers and water heaters, personal computers, imaging equipment, electric motors, heat pumps and air conditioners. Also in 2009, the Commission plans to adopt a proposal to promote the rapid replacement of domestic incandescent light bulbs. The revision of the directive on car labelling, and tyre efficiency and systems for constant monitoring of tyre pressure and quality will be at the heart of the new transport policies.

5.18 The EESC believes it is essential to create an internal energy market in which prices are the result of healthy competition, in line with the Directives on electricity and gas.

5.19 The EESC highlights the need for the EU Member States to produce training plans for schools (which will then actively have to pursue energy efficiency programmes), as well as communication campaigns to raise public awareness of the importance of and need for responsible, energy-efficient consumption.

5.20 A particularly interesting initiative in the educational field has been the organisation of a number of competitions in

which technical institutes compete to achieve the biggest energy savings with the active involvement of the students. For example, in Italy the project 'datti una scossa', which offered a prize of up to EUR 25 000 for putting the proposal into practice, proved highly successful; another example is the international eco marathon in which a French institute presented a prototype vehicle that travelled 3 039 km on one litre of petrol! A team from Denmark succeeded in producing a combustion engine emitting 9 g/km to win the Climate Friendly Award.

5.21 The economic instruments that are available in the future will have to be effective and sustainable in the long term. The EESC believes that particular attention should be paid to the distribution of the incentives, which should be aimed at final consumers. Consideration should also be given to the case for reserving part of the incentives for the energy service supplier, thereby creating a common and convergent interest in energy efficiency policies.

5.22 In order to give customers proper price signals that will promote more rational and efficient energy use, the EESC urges the Commission to clamp down on predatory pricing, taking into account what is allowed under European legislation in the area of proper promotion of renewable energies and preserving the provisions for vulnerable consumers laid down in the gas and electricity Directives.

Brussels, 17 September 2008.

The President  
of the European Economic and Social Committee  
Dimitris DIMITRIADIS

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