

Opinion of the Committee of the Regions on ‘Energy efficiency in cities and regions — a focus on the differences between rural districts and cities’

(2012/C 225/06)

THE COMMITTEE OF THE REGIONS

- demands that energy efficiency must be a central and integral element of energy policies and must be given sufficient priority in the energy policy hierarchy;
- supports a better bundling of financial support measures for energy efficiency and energy conservation in future EU funding programmes;
- calls for stronger measures to influence human behaviour and energy consumption patterns and suggests that this requires a mix of ‘carrot and stick’ measures, demonstrating the economic case but also greater emphasis on mandatory requirements, when necessary;
- acknowledges that the current policy focus is on cities to realise current policy objectives, but underlines the need to also address in a more comprehensive and coordinated way the challenges and opportunities that rural areas face when it comes to energy use and production.
- calls on Local and Regional Authorities to share energy efficiency and conservation best practice and to enhance energy resilience by planning for and piloting the delivery of their services with minimal energy input levels.

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I. POLICY RECOMMENDATIONS

THE COMMITTEE OF THE REGIONS

A) Introduction

1. emphasises that the Europe 2020 Strategy correctly puts the efficient use of energy at the core of achieving its objectives of smart, sustainable and inclusive growth, which necessitates the transition to a resource efficient economy. Energy efficiency is not about reducing outputs or economic activity; it is about achieving the same outputs but reducing energy consumption per production unit. This entails the identification and elimination of unnecessary uses of energy as well as more efficient methods of production;

2. notes with concern that the EU is projected to achieve only half of its 20 % proposed savings from primary energy consumption by 2020. The delivery of the 2020 targets demands a coordinated effort at all levels, EU, national, regional and local. Energy efficiency is a key priority and requires reinforced policies at all levels;

3. reiterates that for the EU to achieve its objectives of a sustainable, competitive and secure supply of energy, it has to act collectively in a spirit of solidarity and efficiency identifying and deploying existing and emerging technological developments and influencing behaviour change that facilitate and enhance energy efficiency. In this context, the EU should prioritise the introduction of the most efficient and commercially most competitive technologies in the short and medium term;

4. underlines that not least through local and regional energy bodies, cities regions and local authorities have a key role to play in facilitating, fostering and regulating for more efficient use of energy in their own operations and infrastructure; as well as with consumers and producers of energy. To carry out this work, the CoR recognises that authorities must be empowered in terms of funding and support to be able to play their part in delivering and enhancing energy efficiency measures;

5. highlights the role of regional and local administrations in setting an example, attracting investment and generating jobs and calls on the EU to promote the preparation of regional and local energy efficiency plans that contribute to national and European energy goals, and the improvement of energy information systems, as well as introducing mechanisms to support these activities;

6. endorses the United Nations' initiative of the 'International Year of Sustainable Energy for All', as it presents a valuable opportunity to raise awareness about the importance of improving energy efficiency and renewable energy at the local, national, regional and international levels. Lack of access to clean, affordable and reliable energy hinders human, social and economic development and is a major impediment to achieving the Millennium Development Goals. The transition towards a full conversion to renewable energy needs to go hand in hand with increased efforts to reduce energy consumption and the development of new energy sources, which also means reducing dependence on imported fossil fuels.;

7. further notes that with the economies of India and China only 'warming up' China's energy demand is expected to soar by 75 % by 2035 ⁽¹⁾; the resultant increasing competition for energy currently imported by the EU could cause supply, distribution and cost challenges that may have severe and multi-layered economic and societal implications. Concrete and feasible action plans must be developed in response to these developments with the aim of meeting needs as quickly as possible from locally available renewable energy sources. City, regional and local authorities should be integral to the development of such plans;

8. points out that there is an unrealised gain for society in initiating green conversion projects in municipalities and regions, and emphasises in this connection that the European Commission and national governments should earmark substantial funds for making public buildings more energy-efficient;

9. notes the current debate on the Energy Efficiency Directive and requests that a strong, ambitious text is adopted. Cities and Regions can only benefit from becoming more energy efficient and reducing their energy consumption: they would be able to reduce their reliance on imported fuel, provide up to 2 million local jobs through building and retrofit works ⁽²⁾ and give households considerable savings on their energy bills. Furthermore, the EU would be able to reduce its greenhouse gas emissions further and set itself even more ambitious targets in this area. This proposed Directive is, therefore, a first real step towards alleviating the current crisis. However, all in all it is not really enough as it primarily pursues economic objectives i.e. reducing imports of foreign oil and gas and redirecting these billions of euro into the EU economies, without at the same

⁽¹⁾ IEA Global Energy Report 2011.

⁽²⁾ EU Commission.

time developing suitable concrete ideas concerning the massive expansion of renewable energy sources that is necessary; A key way of achieving this is to enable all Member States to take action based on their own circumstances, so as to develop the most effective measures for each country;

10. specifically regrets in this context the absence of a coherent long-term vision for the renovation of the habitable building stock, requiring renovation and absence of explicit and specific financial assistance commitments for local and regional authorities to promote energy efficiency investments at the local and regional level. It is important in this connection to pay attention to the difference between social objectives and business ones. The renovation of a building must depend on what is economically feasible for the enterprise, while the community must make the social objectives achievable;

11. recommends that the EU enhance the systems for providing information on energy efficiency, including information relating to both national and regional energy-efficiency policies; systems for evaluating regional energy-saving tracking procedures; energy-efficiency indicators; databases of standards for applicable energy-saving measures, guides to best practice; implementation standards, etc.; agrees with the European association of local authorities *Energy Cities* in stating that financing is 'crucial' for the proposed measures to be delivered. Furthermore, the CoR notes that the proposed Energy Efficiency Directive lacks binding targets, has no meaningful review process and contains easy opt-outs. The CoR therefore welcomes the efforts of the Polish and Danish Presidencies to include the required financing measures and other factors that are still missing in the proposal. The CoR supports the Danish Presidency's work to find a political compromise which ensures that the public authorities can press forward with making their buildings more energy-efficient bearing in mind local and regional circumstances in the Member States these measures. The proposed obligation for energy companies to make an average of 1.5 % energy savings per year is particularly welcome.

12. emphasises that greater energy efficiency cannot only be achieved through rigid areas of action laid down by central government that do not take into account local and regional circumstances in the Member States and therefore calls for the possibility to implement alternative approaches to achieving energy reduction targets, provided that the same level of reduction in energy consumption is achieved, and for municipalities and regions to be able to propose energy-saving strategies;

13. notes the dominant compartmentalisation of policy and thinking about energy within the EU. It is carved up by sector (transport, building etc.) to the detriment of consideration of the spatial and territorial inequalities and potential that must be addressed if the whole of the Union is to progress;

14. requests that appropriate energy management/ conservation measures are developed alongside the improvement of energy efficiency and calls for the development of energy management/ conservation objectives for energy reduction which could assist and surpass the energy reduction targets by improving energy efficiency;

15. requests acknowledgement, by the Danish EU Presidency, of the role of local and regional authorities in achieving the Europe 2020 energy efficiency targets. Reference to local and regional authorities is almost completely absent from the current Council draft negotiating document on the future Energy Efficiency Directive and from the European Commission's Communication on Energy Roadmap 2050. Further, considers that the revised National Reform Programmes and the country specific recommendations need to more strongly reflect the commitments that have been made on energy efficiency;

16. welcomes the Intelligent Energy Europe (IEE) funding initiative and welcomes the efforts it makes to overcome market barriers. The IEE programme should concentrate on promoting actions relating to behavioural change. However, the Committee calls for the results and recommendations of the IEE projects to be disseminated more resolutely (information, legislation, etc.) throughout the EU, and, similarly, for the 2014-2020 funding for the IEE programme or programmes replacing it to be secured;

17. As regards the particular territorial dimension of the problem, the CoR would point out that:

— EU rural areas use more polluting energy sources than urban areas, consequently substitution of heavy polluting fossil fuels by less polluting fossil fuels as a transitional solution and then above all by renewable energy should be particularly supported;

— despite the catching-up of rural areas, their level of economic development still remains lower than the EU average, particularly in comparison to urban areas. This gap between rural and urban areas is extremely marked in Eastern and Central Europe and is even more worrying, as it rose between 2000 and 2007 due to the quick expansion of the big cities and capitals;

B) Cities, Regional and Local Authorities

18. reiterates its call for a better urban-rural balance in sustainable energy policies across the EU and stresses the need to tap the potential of rural areas for the achievement of the Europe 2020 energy efficiency objectives. Indeed, there is considerable potential in rural areas for both energy generation and to reduce consumption - sizeable tracts of land for wind farms or solar power plants are only available in the countryside. At the same time, modern agriculture needs

considerable amounts of energy to operate. The potential for energy saving and for developing new energy sources, however, is largely overlooked;

19. highlights the existence of substantial disparities between urban and rural areas. Energy efficiency in rural areas is in a critical state and needs to be addressed urgently. Rural households and small businesses face several disadvantages with regards to their energy use, particularly due to the nature of households and the quality of the building stock. Rural buildings are significantly older and their renovation is more costly and often beyond the reach of their owners. One reason for this is population density: insulation of individual rural homes cannot benefit from the same economies of scale that urban homes with multiple tenants may have. This situation, which applies to all Member States in various degrees, leads to proportionately higher energy costs in rural areas, where the income per inhabitant is 21 % to 62 % lower in rural areas ⁽³⁾;

20. highlights that when it comes to energy however, EU energy policy has been determined by the needs of large cities. Investors still focus their attention almost exclusively on infrastructure designed to serve urban areas;

21. stresses that access to energy is generally more expensive in rural areas and in remote regions. Moreover, energy efficiency is lower due to the scarce uptake of clean technologies and ineffective insulation, and calls for appropriate solutions of governance and funding to enable rural areas across the EU to catch up with urban areas in this respect, especially the potential that the European Agricultural Fund for Rural Development (EAFRD) and its LEADER approach presents. Indeed numerous best practices and pilot projects carried out across the EU have already clearly demonstrated that rural areas have the potential to provide for their own energy needs from different sources such as carbon neutral energy sources which do not produce greenhouse gas emissions, biomass, fuel cells, etc.

22. considers that ESF support for capacity-building especially in up skilling workers which could also cover the use of traditional techniques involving typical materials from the region, should recognise and take into account the differing needs of urban and rural areas so that rural workers should not be left behind. Otherwise, this would cause a gap in skills needed to implement technologies appropriate to rural areas and exacerbate the energy divide between these areas;

23. highlights that education policy can play a significant role in raising awareness of energy efficiency and influencing the required human behavioural changes; suggests that a benchmarking of existing educational initiatives be undertaken to identify best practice and develop curricula that can incorporate

sustainability studies at the earliest stages of the formal learning process; furthermore, calls for the next 'Erasmus for All' programme to develop knowledge alliances, between the university sector and 'green businesses' to develop new curricula to address innovation and skills gaps in the energy efficiency and conservation sector.

24. emphasises that local and regional authorities can also contribute to achieving energy efficiency gains by mainstreaming environmental factors in public procurement procedures. Welcomes the proposal for Directive on new public procurement rules adopted by the Commission ⁽⁴⁾. This proposal requires that local and regional authorities may take into account environmental factors, including energy efficiency in the public procurement procedures. The assessment of tenders using MEAT (Most Economical Advantageous Tender) by Local and Regional Authorities should be encouraged to take account of the Energy savings over the lifetime of the tender proposal;

C) Consumers

25. underlines that there is also a social dimension whereby fuel poverty may particularly impinge on lower income groups, more in some countries than others. Even with the reasons and consequences of fuel poverty, there are also important differences between urban and rural areas which need to be considered for appropriate action, and which are not necessarily correlated with the overall energy efficiency of certain countries or regions;

26. requests measures to place consumers in a position, when they are dealing with producers/suppliers, where in order to negotiate benefits in exchange for changed usage patterns i.e. where individuals shift usage to off-peak hours en masse, they should be supported to achieve the discounts appropriate to bulk purchasers. Similarly, the deployment of advanced smart network technology for measuring consumption and billing should be supported as a public good making it possible to increase the energy efficiency levels of suppliers (through efficient management of the network, better maintenance of networks and equipment, etc.) and consumers (through better knowledge of consumption meters, billing, contracting services, network services, smart interactive consumption, etc. Furthermore, commercial resistance to same should not be tolerated and its generalised introduction should take place ahead of schedule. It is important to ensure that the installation of advanced metering equipment does not lead to major increases in charges to consumers;

27. welcomes the renewal and continuation of the Energy Star labelling programme associated with the proposal for an energy-efficiency labelling programme for office equipment and notes that the proposal for a Regulation COM(2012) 109 final provides for the renewal of the Energy Star agreement in connection with a Council Decision on the conclusion of the

⁽³⁾ Eurostat.

⁽⁴⁾ COM(2011) 896 final.

Agreement between the Government of the United States of America and the European Union on the coordination of energy-efficiency labelling programmes for office equipment (COM (2012) 108 final). Use of the Energy Star labels should be encouraged. It is noted that high energy costs will encourage the sale of highly energy efficient appliances. Furthermore, labelling displaying embodied manufacturing energy should be considered by the commission.

D) Financing

28. recalling the opinion on Climate Change and the Future of the EU⁽⁵⁾, remains concerned with the ongoing focus on austerity measures overshadowing any issues pertaining to the real economy in the context of the future EU Budget 2014-2020, especially the urgently required increase of the EU budget available for local and regional, urban and rural, sustainable energy investment as requested in previous CoR opinions; However, welcomes the inclusion of the 'shift towards a low-carbon economy in all sectors' as an investment priority under the Common Strategic Framework (CSF)⁽⁶⁾ but emphasises that while the Funds under the CSF must be used to address identified regional challenges, there must also be a balance between sustainable production and energy efficiency;

29. regrets that the ear-marking of financing, such as national energy efficiency funds, has not been considered by the Council as a provision to be included within the text of the Energy Efficiency Directive; highlights the need to strongly promote the role of the European Investment Bank (EIB) through national and local credit institutions with a view to financing investments in energy efficiency;

30. requests that the Danish Presidency ensure that future grant assistance in promoting space heating and cooling efficiency measures are linked to measured savings achieved in energy consumption for each individual facility;

31. requests that the European Commission make provision in the upcoming EU Budget for the proposed Energy Efficiency Directive and ensure that enough, funds are attributed to energy efficiency in rural housing;

32. highlights the fact that a major problem for rural areas lies in the capacity of local and regional levels to access funding which already exists:

— financial mechanisms (ELENA, etc.) and funds dedicated to energy efficiency (EEEF etc.);

⁽⁵⁾ Outlook Opinion on Climate Change Mainstreaming and the Future of the EU Budget (CdR 104/2011).

⁽⁶⁾ Proposal for a Regulation laying down common provisions on the ERDF, ESF, Cohesion Fund, EAFRD, EMFF covered by the Common Strategic Framework (COM(2011) 615 final).

— the experience of the current funding period shows that for a number of different reasons the funds set aside for energy efficiency from the Structural Funds cannot be fully exploited. Therefore, in the financial framework 2014-2020, which even makes provision for a higher percentage of funds than before to be dedicated to energy efficiency, care must be taken to facilitate access by local and regional authorities to these funds;

33. underlines that there are other financial tools such as energy performance contracts, public-public partnerships, and national and regional energy efficiency funds, which encourage work on energy efficiency at a time when public money is in increasingly short supply. Indeed, in the current situation of limited public resources and difficulties faced by many small and medium size businesses, particular attention should be paid to ensure the best possible balance in EU spending between large scale infrastructure on one hand and decentralised energy production which is the very essence of rural energy; in addition, urges the EU to promote and regulate at European level energy services businesses as bodies which finance investments in efficiency and are thus able to access special European funds;

34. believes that in order to improve access to financing, instruments are needed to help consumers and public authorities meet co-financing requirements as well as put together innovative plans that attract the provision of credit;

35. recalls that the CoR Europe2020 survey carried out in early 2010 on 'Sustainable Energy Policies' revealed that local and regional initiatives are usually multi-sectoral, integrated actions which simultaneously contribute towards competitiveness, growth and employment. It is therefore important to reflect this reality appropriately in the future design of the EU budget;

36. requests that capacity be provided to local and regional authorities to build energy efficiency into their rural and urban planning requirements;

E) Logistics

37. wishes to highlight the significance of developing EU-wide logistics systems which could realise greater efficiency in freight transport such as a 'CELS' Central European Logistics System. This would entail a unified mapping system integrating all European transport modes into a single representation from rail, road, air, sea and inland waterways;

38. considers that CELS could provide the visual mapping and cost analysis assistance to promote green, economical, efficient linking of intermodal transport. It would be an online freight transport directory with which operators from road, rail, air, inland waterways and sea can register, enabling it to become the most comprehensive directory of all freight

operators. It also has the potential to identify which routes are suitable for combined transport permitting the shortest possible road routes;

39. stresses the value of integrated cross-sectoral sustainable energy policies for rural areas, encompassing both energy efficiency in buildings transport, etc, and decentralised production of renewable energy;

F) Conclusions

40. in this context, believes that Cohesion Policy can provide a framework for a coordinated approach to this complex challenge. The inter-linkages between the Europe 2020 objectives require a clear awareness from EU policy makers that improvements in all areas of the Europe 2020 Strategy can be achieved if the measures increasing efficient energy use are widely implemented across the EU;

41. points to the need for better balancing of the EU internal/external dimension of energy supply, promoting research and implementation of energy efficiency at least as much as investment in new fossil fuel pipelines from third countries, and might remind the European Commission that energy efficiency still requires billions of euros to be invested in housing and transport sectors. Energy management/ conservation must also be recognised as an ongoing necessity and addressed accordingly;

42. reiterates that Member States should introduce a consultation process involving regional and local actors in the drafting of national energy efficiency plans (bottom-up approach), ensuring that national plans are consistent with local and regional targets and means; calls for local and regional actors to also be involved in the follow-up phase, as the authorities responsible for implementation;

43. again puts emphasis on the Covenant of Mayors initiative as a tangible proof of local government's commitment to promote energy efficiency and addressing the climate change challenge but observes that there is no common reporting

methodology used by the signatories of the Covenant of Mayors. The Covenant of Mayors is an initiative requiring regions to report on their energy efficiency performance by means of strict and common reporting criteria ⁽⁷⁾;

44. urges the Commission to take action without delay to turn the idea of interconnected EU-wide energy distribution networks into a reality. This will enable the EU to secure a reliable energy supply for all its citizens, and is also important in security-policy terms in order to reduce Europe's dependence on fossil fuels from authoritarian regimes.

45. Key Messages – Action Points

THE COMMITTEE OF THE REGIONS

- a) demands that energy efficiency must be a central and integral element of energy policies and must be given sufficient priority in the energy policy hierarchy;
- (b) supports a better bundling of financial support measures for energy efficiency and energy conservation in future EU funding programmes;
- (c) calls for stronger measures to influence human behaviour and energy consumption patterns and suggests that this requires a mix of 'carrot and stick' measures, demonstrating the economic case but also greater emphasis on mandatory requirements, when necessary;
- (d) acknowledges that the current policy focus is on cities to realise current policy objectives, but underlines the need to also address in a more comprehensive and coordinated way the challenges and opportunities that rural areas face when it comes to energy use and production;
- (e) calls on Local and Regional Authorities to share energy efficiency and conservation best practice and to enhance energy resilience by planning for and piloting the delivery of their services with minimal energy input levels.

Brussels, 4 May 2012.

*The President
of the Committee of the Regions*
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⁽⁷⁾ http://ec.europa.eu/energy/publications/doc/2012_thinkbooklet.pdf