Opinion of the European Economic and Social Committee on the 'Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EC) No 663/2009 establishing a programme to aid economic recovery by granting Community financial assistance to projects in the field of energy'

COM(2010) 283 final — 2010/0150 (COD)

(2011/C 48/30)

Rapporteur: **Mr BUFFETAUT**

On 15 June and 23 June 2010 respectively, the European Parliament and the Council decided to consult the European Economic and Social Committee, under Articles 194(1)(c) and 304 of the Treaty on the Functioning of the European Union, on the

'Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EC) No 663/2009 establishing a programme to aid economic recovery by granting Community financial assistance to projects in the field of energy'

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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 6 September 2010.

At its 465th plenary session, held on 15 and 16 September 2010 (meeting of 15 September 2010), the European Economic and Social Committee adopted the following opinion by 133 votes to two with one abstention.

1. **Conclusions and recommendations**

1.1 The European Economic and Social Committee (EESC) supports the general thrust of the proposal and the Commission's objectives. The EESC particularly welcomes the idea of using the European funds as a "leverage multiplier" to speed up investment in energy efficiency and renewable energy sources. The EESC would like the distribution of financial assistance between technical assistance and soft loans and bank guarantees from financial institutions to be better substantiated. The EESC would like to see details of what is actually covered by the term "technical assistance".

1.2 The EESC hopes that the arrangements set out by the Commission will indeed be implemented, i.e. all the financial intermediaries concerned should be authorised to manage the financial facility, with projects selected by the fund managers under the Commission's supervision. The EESC would like the arrangements for managing and accessing the funds to be clarified so that financial intermediaries and project managers have a clear understanding of how they should be used.

1.3 That said, the EESC feels that some clarification is needed – or would be helpful – on the following points:

1.3.1 Details are needed (or at least an estimate) as soon as possible – by the end of 2010 – of the total amount available under this envelope over and above the EUR 114 million already announced, which, when shared among 27 Member States, actually provides relatively limited input. That said, account must also be taken of the leverage effect from the additional input provided by private investors and from the impetus that will be given to projects and investments in the light of the substantial support provided during the technical assistance phase.

1.3.2 The definition of "bankable projects" must be looked at again. Building insulation, for example, is extremely energy efficient and, in terms of energy saved, is bankable in the long term, especially in the case of old buildings. "Bankable projects" should be understood to mean fundable projects which could not be implemented without EU support. The term "bankable projects" could be defined in the regulation as "projects that secure financial balance through aid provided under European instruments".

1.3.3 **Eligibility criteria:**

— The EESC understands and also accepts that none of the various sectors enjoy special priority, and that criteria for investment and compliance with European energy efficiency and renewable energy objectives will be applied. Eligible projects include those subject to energy performance contracts and those already in receipt of European funding support. The EESC stresses that the purpose of this instrument is to promote synergies with the Structural Funds and the Cohesion Fund.

— In the absence of a list of pre-selected projects (as under Regulation (EC) No 663/2009), the EESC will take a close interest in the way funds are allocated between project financing and technical assistance. The EESC believes that the bulk of funding should go to concrete investments or projects.

— The Committee points out that the regulation itself will not include a list of pre-selected projects and that the fund will select projects on the basis of criteria set out in the regulation. A report will be drawn up on funded projects.

— The EESC stresses that this financial assistance to investment projects must comply with the principle of neutrality of treatment vis-à-vis the public or private operator. There should therefore be scope to implement these projects as Public Private Partnerships.

— Broadly speaking, the Committee strongly feels that selection criteria should be based mainly on the projects' technical reliability and financial security and the specific results expected in terms of energy efficiency and renewable energy sources.

— The EESC would like further clarification regarding the eligibility criteria for "measures that have a rapid, measurable and substantial impact".

1.4 Although the EESC understands why the Commission would like the local authorities concerned to "have made a political commitment to mitigate climate change, including precise targets", it warns against placing too much trust in positions that have more to do with politically correct thinking and language than with specific actions backed up by sound and innovative techniques or effective and approved management systems in the areas of energy efficiency, heating networks or renewable energy sources.

2. Background and principles underpinning the Regulation establishing the programme to aid economic recovery by granting Community financial assistance to projects in the field of energy

2.1 The European Energy Programme for Recovery (EEPR) had been granted an envelope of EUR 3.98 billion, almost all of which should have been committed by 2010. However, around EUR 114 million will not be committed under the EEPR and this figure may go up if some projects fail to meet legal, financial or technical requirements.

2.2 Uncommitted funds under Chapter II of the EEPR regulation will be used to create a dedicated financial instrument to support energy efficiency and renewable energy initiatives within the Sustainable Energy Financing Initiative.

3. General principles

3.1 This financial facility is designed to support the development of BANKABLE energy efficiency and renewable energy projects and facilitate the financing of investments in these areas, in particular in urban settings.

3.2 In order to foster a large number of decentralised investments, municipal, local and regional public authorities will be the beneficiaries, including under PPP arrangements.

3.3 The sustainable energy projects to be financed include public and private buildings, high-energy efficient combined heat and power (CHP) and district heating/cooling networks, decentralised renewable energy sources embedded in local settings, clean urban transport and local infrastructure such as smart grids, efficient street lighting, and smart metering.

4. Selection and eligibility criteria

4.1 Financing will go to measures that have a rapid, measurable and substantial impact on economic recovery within the EU, increased energy security and the reduction of greenhouse gas emissions.

4.2 The intention is that Community financing should act as leverage for other contributions from stakeholder authorities and businesses, on the basis of precise criteria as regards the policies pursued by the public authorities and the technical and financial features of the relevant projects.

4.3 The rules applicable to the authorities relate to their commitment to fighting climate change and to the specific proclaimed objectives, the nature of the developed strategies, and the follow-up and publicising of implementation and the results obtained.

4.4 The technical and financial rules address issues such as the soundness and technical adequacy of the approach, the soundness of the financial package, the extent to which the EU contribution stimulates public and/or private finance, the social, economic and environmental impacts and the projects' geographical balance and maturity, the aim being to reach the investment stage without delay.

Brussels, 15 September 2010.

The President
of the European Economic and Social Committee
Mario SEPI