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Subject : **TTE (ENERGY) COUNCIL ON 23 NOVEMBER 2006**

Energy Policy for Europe

Sustainability of energy production and consumption : Promoting Energy
Efficiency and Renewable Energy

- Policy debate

After the presentation of the Commission's Action Plan on Energy Efficiency and the adoption of related Council Conclusions, a policy debate on the sustainability of energy production and consumption is foreseen.

The aim is to discuss the promotion of energy efficiency and the use of renewable energy sources. The Action Plan on Energy Efficiency and the Council conclusions to be adopted provide a background for the discussion on energy efficiency. The discussions held in the context of the informal high-level energy working group meeting in Helsinki on 12-13 October 2006 provide a useful basis for the exchange of views on renewable energy. Both energy efficiency and renewables are part of the overall consideration of EU energy choices to be addressed in the context of the forthcoming Strategic EU Energy Review and the accompanying Renewable Energy Roadmap.

The Council policy debate on energy efficiency and on renewables will be combined for practical and substantive reasons. Energy efficiency and renewable energy are two main instruments in the work in pursuit of EU energy policy objectives: security of supply, competitiveness and sustainability. Promotional measures of a similar nature are used in both fields: research and development on new technologies, taxation and other economic incentives, legislation, information activities and emissions trading. In addition, international co-operation is important in both areas.

The Presidency has proposed three questions in the Annex, which aim to focus the discussion on certain priority areas within these broad-ranging subjects. It should be noted that as usual, these questions are without prejudice to other important topics that ministers may wish to consider. It is recalled that delegations are invited to forward their contribution to the debate in writing, so that ministers can focus on key messages.

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Council is invited to hold a policy debate based on the attached questions.

Sustainability of energy production and consumption: promotion of Energy Efficiency and Renewable Energy

Policy debate

Questions

1. Measures to enhance energy efficiency

Easy opportunities to enhance energy efficiency have already been exploited. Consequently, it is important to take energy efficiency into consideration in the preparation of EU and Member State policies for other sectors (e.g. the Community's transport and regional policy, public procurement legislation etc.). Energy efficiency should also be taken into account in the preparation of the regulatory framework for the Community's internal market. When trying to improve energy efficiency at any level, many boundary conditions apply to the related measures. These must fit in with an open, single energy market, state aid rules, emissions trading schemes and rural and employment policies. There may even be some obstacles such as lack of standardisation, financing and information. On the other hand, the widespread preparation of actions at EU and national level may prevent conflicts with other policy programmes.

In view of the recently launched Energy Efficiency Action Plan and the forthcoming National Energy Efficiency Action Plans: what are the priority measures for tackling the greatest obstacles to the improvement of energy efficiency? What would constitute concrete and practical measures for integrating energy efficiency with other EU/national policy goals in a coherent and synergetic way?

2. Measures to promote renewable energy

When considering the best ways to promote renewable energy, it is important to bear in mind that local circumstances and energy sources vary widely and that each Member State has the right to decide on its own energy mix. Moreover, the development of renewables has consequences in terms of generation, transmission and distribution and cannot therefore be treated in isolation from decisions on the overall fuel-mix. At the informal High level energy working group meeting (12-13 October in Helsinki) the importance of a long-term commitment to cost-effective use of renewable energy and its positive impact on the three pillars of energy policy was reaffirmed.

Regarding the question of future targets (whether overall or sectoral, mandatory or indicative), the idea of considering an indicative EU-level target for the development of renewable energy sources as a whole, rather than for sub-sectors, was preliminarily supported by most Member States. It was also stressed that the approach to be taken towards promoting renewables should be consistent with the EU and Member States' binding commitments regarding greenhouse gas reductions.

Taking into account the principles of subsidiarity, flexibility and cost-efficiency, what would be the most effective combination of targets and measures - whereas existing or new - at Member State and/or Community level to ensure a significant contribution from renewable energy to the three objectives of the Energy Policy for Europe over the long term (2020+) ?

3. International cooperation on energy efficiency and renewable energy

The promotion of energy efficiency and the increased use of renewable energy sources are very much global issues. Countries around the globe are interconnected through international trade, development policies and by international agreements and treaties. The same instruments, as well as dialogues with third countries, can be used to increase and support the application of efficient technologies not only in the EU but also abroad.

With regard to the Lisbon agenda, there is a potential synergy between promoting energy-efficiency and the use of renewable energy globally and increased opportunities for EU companies on the global market with respect to the related products and services. Initiatives such as that launched at the Gleneagles G8 and supported by the IEA are already contributing to promoting energy efficiency worldwide. In this respect, in 2007 the Commission intends to launch an initiative for an international framework agreement on energy efficiency, involving both developed and developing countries.

What are the first priorities in enhancing international cooperation in the fields of energy efficiency and renewable energy? What kinds of multilateral and bilateral initiatives should be prepared?