COUNCIL OF THE EUROPEAN UNION

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NOTE

from :	General Secretariat of the Council
to:	Delegations
Subject :	Commission Communication "Energy Efficiency Plan 2011" - Draft Council Conclusions

Delegations will find attached revised draft Council conclusions on the above subject, to be considered at the meeting of the Working Party on Energy on 10 May 2011.

Changes of substance compared to 7882/2/11 REV 2 are underlined, while deletions are marked "[…]".

At the present stage of deliberations, delegations are invited to concentrate on the main issues that still may require further discussions.

Draft Council Conclusions
Energy Efficiency Plan

The Council of the European Union,

RECALLING the EU's 2020 20% headline target on energy efficiency as enshrined in the Europe 2020 Strategy;

Further RECALLING the conclusions adopted by the European Council on 25/26 March 2010 (EUCO 7/10), 4 February 2011 (EUCO 2/1/11) and by the Council (TTE - Energy) on 28 February 2011 (6207/1/11);

WELCOMING the presentation by the Commission of its Communication on an "Energy Efficiency Plan 2011" (7363/11);

STRESSING that reinvigorated efforts are necessary in order to reach the 20% EU energy saving objective by 2020;

SETS OUT the following considerations and lines of action for an Energy Efficiency Plan 2011, while UNDERLINING the need to develop comprehensive, ambitious and cost-effective measures at EU level and the primacy of delivery of energy efficiency measures by Member States at the appropriate level:

I. General Considerations

1. Improved energy efficiency throughout the whole energy system will make a major contribution to the EU's wider goals of a competitive low-carbon economy, a more sustainable use of natural resources and security of energy supply.

2. To establish energy efficiency more firmly as a cross-cutting policy objective, it should be mainstreamed at all levels into other policies, such as regional and urban development, transport[1], industrial policy, agriculture, international relations […] and education and training. Maximum consistency and mutual supportiveness between the Energy Efficiency Plan (EEP) and the other components of the Flagship initiative for a Resource-efficient Europe under the Europe 2020 Strategy must be attained. Furthermore, the new strategy should encompass the entire energy system, from production and transmission to distribution and end-use.

3. Further initiatives under the EEP must build on the achievements of and lessons learned from the *2006 Energy Efficiency Action Plan* (EEAP 2006), give a strong and visible commitment to energy efficiency and savings, and set out the path for delivering the EU energy efficiency target. Complementarity with effective programmes in Member States and the full respect of the subsidiarity and proportionality principles need to be ensured. Building also on Member States' best practice, future measures should take due account of the second National Energy Efficiency Action Plans (NEEAPs) to be presented under the Energy Services Directive 2006/32/EC.

4. It is essential that all the relevant legislation and measures in place are implemented fully and in a timely manner in all sectors and policy areas concerned in order to reap the entire benefit of the EEAP 2006.

5. In the light of the headline targets under the Europe 2020 Strategy, Member States' setting of indicative, voluntary national energy efficiency targets as part of the National Reform Programmes, taking account of their starting points, national circumstances and potentials, makes a valuable contribution to creating commitment and visibility for national efforts, and allows for follow-up and monitoring. A review of the implementation of the EU energy efficiency target will take place by 2013, as established by the European Council.

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[1] It is recalled that Directive 2009/28/EC on renewable energy sources states that "Cyprus and Malta, due to their insular and peripheral character, rely on aviation as a mode of transport, which is essential for their citizens and their economy. As a result, Cyprus and Malta have a gross final consumption of energy in national air transport which is disproportionally high, i.e. more than three times the Community average in 2005, and are thus disproportionately affected by the current technological and regulatory constraints."

6. In order to fully appraise progress and steer further action, a common, straightforward, cost-effective and workable methodology for monitoring energy savings and the evolution of energy efficiency should now be developed, taking into account the framework of NEEAPs, which will permit to quantify efforts of Member States on an equivalent basis by drawing on suitable statistical indicators, without creating unnecessary administrative burdens. Monitoring of energy savings should be mandatory in all financial mechanisms that support energy efficiency.

6a. Continued and strengthened support for research, development and deployment of new energy-efficient technologies, for example through the Strategic Energy Technology Plan (SET Plan) and its Industrial Initiatives, will allow dynamic evolution of energy efficiency solutions and open up opportunities for innovation and job creation in Europe.

6b. Ensuring the uptake of an energy efficiency services market throughout the Member States is crucial to enable the implementation and the financing of cost-effective energy efficiency solutions in industry and in buildings. The role of Energy Service Companies (ESCOs) and other providers of energy efficiency improvement measures needs to be strengthened through adequate support in terms of information such as lists of qualified/certified/accredited energy service providers, guidelines such as model contracts, exchange of best practices and possible financing solutions to overcome market barriers for their development. The Commission is encouraged to facilitate exchange and public availability of this information and to draw up relevant guidelines for Member States as appropriate.

II. Priority sectors and measures

Sectors

7. Public sector:

– Public authorities should systematically purchase goods (e.g. ICT equipment), and, where appropriate, services […] and […] works (e.g. refurbishment, operation and maintenance of buildings, energy and transport) that achieve high standards of energy efficiency. Similarly, they are encouraged to apply such high energy efficiency standards to their public vehicle fleet and its usage, including by resorting when appropriate to electric vehicles;

– Public authorities should lead the way in bringing their buildings to high energy performance levels, whereby provisions could be envisaged that would require them to increase the refurbishment rate of their buildings including energy efficiency upgrading […], taking into account cost-effectiveness, technical feasibility and national circumstances, including conditions related to heritage buildings. The Council encourages Member States to improve their rate of refurbishment, and takes note of the annual refurbishment rate of 3% for public authorities' buildings (by floor area) suggested by the Commission […]. The Council invites the Commission to also consider, on the basis of a robust overall impact assessment, alternative approaches that would require to achieve an equivalent level of overall reduction in energy consumption through deep renovation of public authorities' building stock, and to propose respective measures as appropriate. Furthermore, when public bodies rent or buy existing buildings, wherever possible, one of the best available energy performance classes should be opted for, taking into account cost-benefit considerations, […] public procurement rules and national circumstances. In order to facilitate compliance with the Energy Performance of Buildings Directive 2010/31/EU, public authorities are encouraged already now to procure […] new buildings which correspond to a nearly zero-energy building standard, as foreseen under this Directive […] from 2019 onwards, once Member States have developed such definitions as foreseen in the transposition of the Directive;

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– Cost-effective ways to finance investments in energy efficiency measures through savings from lower utility bills and maintenance costs such as energy performance contracting should be promoted by introducing provisions to facilitate its deployment in Member States, taking due account of existing national law;

– To realise the potential for action at local and regional level, local initiatives, networking and partnerships should be further promoted, for example by means of the Covenant of Mayors and the new Smart Cities and Communities initiative at EU level, as well as similar national initiatives. Continued training in the area of energy efficiency of public authority actors should also be encouraged;

8. Buildings:

- Since buildings represent 40% of the EU's final energy consumption, it could be appropriate to envisage a longer-term perspective beyond 2020 for tackling energy performance of existing buildings in a cost-efficient way, leaving sufficient flexibility for Member States to take appropriate measures;
- Heating and cooling in buildings needs to be addressed, for example by promoting solutions such as district heating and cooling, including the use of waste heat and combined heat and power (CHP), and the use of renewable energy sources in the context of integrated urban planning;
- In order to create incentives for both owners and tenants to invest into energy performance upgrading, including in the residential, tertiary and commercial sector, the frequent situation of "split incentives" between them and related legal obstacles should be tackled where necessary, while respecting national circumstances including property and tenancy law. In this context, attention should also be paid to the issue of improving effective management of joint ownership of buildings. A closer dialogue and cooperation between actors on the market should be promoted;
- To foster the appropriate skills and knowledge required of those involved in realising technically demanding energy-efficient building solutions (architects, engineers, auditors, craftsmen, technicians and installers), the Commission is invited to develop initiatives to support Member States in assessing training needs and developing strategies to meet them;
- Energy Service Companies' (ESCOs) and other energy efficiency providers' capacities for supporting energy efficiency improvements, such as targeted deep renovations and installation of more efficient energy consuming equipment, should be strengthened. This could be done through requirements for the provision of more relevant, comparable and reliable information to potential clients in the private, including residential, and public sector and greater transparency as regards the services ESCOs or other providers of energy efficiency improvement measures can offer.

9. Industry and energy sector:

- There is considerable potential for further energy efficiency improvements in industry, while remaining consistent with existing policy instruments such as the Emission Trading Scheme (ETS) and the new Industrial Emissions Directive 2010/75/EU;
- Improvement achieved in the efficiency of heat and electricity generation under these policy instruments should therefore be kept under review and if progress is lacking, consideration should be given to making the achievement of best available technology (BAT levels) applicable to new installations a condition for the authorisation of new capacity and for upgrading existing installations when permits are updated, while maintaining carbon market incentives […] rewarding low carbon investments;
- Furthermore, on the energy supply side, when appropriate, taking into account cost-benefit analysis and technical feasibility, greater use of co-generation and district heating and cooling should be pushed for when authorising new and the retrofitting of existing thermal power generation where there is sufficient expected demand, and by combining district heating systems with electricity generation as much as possible. CHP should be promoted taking into account specific needs for heating and the role of energy from renewable sources. Grid access for electricity from CHP needs to be further facilitated, including by considering strengthened obligations for electricity distribution system operators to provide priority or guaranteed access for electricity from CHP;
- Building on experience in Member States, energy companies have an important role to play in providing energy efficiency solutions. […] National energy saving obligation schemes and other […] mechanisms for creating value for energy savings […], as considered by Member States and set up and defined according to their national circumstances and taking into account cost-benefit analysis, can make a significant contribution in that respect;
- Obstacles to investments by small and medium-sized enterprises in energy efficiency should be addressed through improvements in information provision, market-based incentives, development of benchmarking tools, training and building energy management capacity. For larger companies, measures such as regular energy audits, voluntary agreements and energy management systems, can result in sustained energy savings. The use of energy management systems can be encouraged by Member States *i.a.* through relevant fiscal incentives;

– Additional ambitious and dynamic measures to extend Ecodesign requirements to commonly-used products and standard equipment in industrial processes are to be pursued and implemented rapidly, following the relevant impact analysis.

10. Transport:

– Building on the Commission's White Paper on Transport presented on 28 March 2011, decisive action is crucial to improve transport sustainability and to reduce oil dependence, by increasing the energy efficiency of the transport system and the performance of vehicles and encouraging smart mobility, intermodal transport solutions etc., while creating synergies with measures undertaken in the overall energy efficiency policy framework.

11. ***Consumers***

– Clear, objective, transparent, more understandable and accessible information in relation to appliances and their labelling, as well as metering, and independent consumer advice, should be promoted to make a greater contribution to realising consumer rights, strengthening consumer confidence and supporting consumer choices with more favourable energy efficiency outcomes;

– An ambitious and rapid implementation of existing and future reliable measures continuing the approach under the Ecodesign and Labelling Directives should be actively pursued over the coming period. This should encompass stricter consumption standards that reflect advances in technology and cover an increasing range of energy-related products, while ensuring that extended coverage of labelling for products is pursued in parallel;

– Market surveillance […] in relation to the compliance of products with minimum energy performance and labelling requirements laid down in EU law should be strengthened;

– The deployment of smart grids, meters and appliances needs to be accompanied by the development of appropriate standards and obligations for detailed consumption information for consumers, so as to allow them to become active drivers of energy efficiency themselves and reduce their energy bills. In this context, the Council takes note of the elements put forward in the Commission's Communication on smart grids of 12 April 2011 (9001/11) concerning information provisions for consumers and for access to information services and demand management;

– A sustained effort is needed to further raise the awareness of consumers on the advantages of taking into account the energy consumption of products over the entire lifetime of products.

III. Financing, next steps, review and reporting

12. Given the importance of energy efficiency, and in order to address financing needs for an effective implementation of the EEP, ways to make the best use of EU financial support mechanisms, to improve their coordination and to explore further options for unlocking investments in energy efficiency need to be defined, without prejudice to future negotiations on the next Multiannual Financial Framework. In this context, the Council looks forward to appropriate initiatives from the Commission that would demonstrate EU added value.

13. Initiatives could also include options for facilitated access to financing with high leverage […] and encouragement for the establishment by Member States of systems that provide incentives to speed up and expand the process of renovating private sector buildings in a cost-effective manner.

14. The Council takes note of the presentation by the Commission of its proposal for revision of the Directive on Energy Taxation.

15. Reinforced action to promote energy efficiency in its international dimension needs to be pursued with the EU's international partners, in the framework of energy partnerships and by making full use of multilateral fora dedicated to energy such as IEA, IPEEC and the Clean Energy Ministerial.

16. The Council invites the Commission to rapidly come forward with consistent and ambitious initiatives, including legislative ones where appropriate, supported by robust analysis of their cost-effectiveness and addressing the lines of action as outlined above in the priority areas of the public sector, buildings and industry and in support of favourable consumer choices. Further initiatives should take due account of the NEEAPs. When preparing these initiatives, the Commission is also invited to analyse how they will contribute to the achievement of the EU's 2020 20% objectives. Initiatives should avoid creating unnecessary administrative burdens on Member States and business, particularly SMEs. Initiatives should be accompanied by an estimate of costs and investments involved both at EU and national levels. Legislative initiatives should cover the revision of […] the Energy Services Directive 2006/32/EC and the CHP Directive 2004/8/EC.

17. Further initiatives under the EEP should […] include adequate and cost-efficient reporting and monitoring provisions and review mechanisms, that are consistent with existing reporting schemes and obligations in the area of energy policy […].

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