

The cross party and cross country **initiative “energy intelligent Europe”**, composed of the Members of the European Parliament **Anders Wjikman (PPE), Mechtild Rothe (PSE), Fiona Hall (ALDE), Claude Turmes (Greens) and Umberto Guidoni (GUE)**

**together with national Parliamentarians** such as Jorge Moreisa da Silva (Portugal, PPE), Alan Whitehead (UK, Labour), Pavel Gantar (Slovenia, Liberal Democrats), Boris van der Ham (Netherlands, Lib. Dem.) and Anne Grete Holmsgaard (Denmark, Greens) call for:

**ACTION, NOT TALK  
and for an  
"ENERGY EFFICIENCY WATCH"**

**with the aim of making Europe the most energy and transport efficient economy in the world.**

With this initiative the European Parliamentarians aim at creating a policy for increased energy efficiency in the EU to guarantee Europe's energy supply and to accomplish the huge challenges we are facing today and in the future. The objective is to bring energy efficiency technologies into action wherever and whenever possible. A close co-operation between European, national, local and regional level and all involved stakeholders is needed to act - not only talk and to watch that energy efficiency measures will be proper implemented.

Europe will benefit from increased levels of energy independence, achieved in the most environmentally friendly way, and at the lowest cost. And large commercial opportunities also exist for Europe to become the global technology leader in energy efficiency. In order to achieve this aim Europe needs a broad mix of measures:

**ACTION, NOT TALK**

Action is required to secure the benefits energy efficiency offers. We, the European Legislators, commit ourselves to a set of activities and actions to promote concrete measures for energy efficiency. These are required at both at EU level (in the framework of the upcoming "European Energy Efficiency Action Plan") and at national and local/regional level (through the "National Energy Efficiency Action Plans"). All sectors of society - politicians, administrations and institutions, businesses, citizens - have to a role to play.

**ENERGY EFFICIENCY WATCH**

We install an "Energy Efficiency Watch" in order to follow the relevant actions at EU and national level. This new body will facilitate exchanges in best practice and will closely monitor the actions and results proposed in the EU Energy Efficiency Action Plan and the National Energy Efficiency Action Plans.

*This initiative should inspire everyone at all levels for a new energy efficiency culture!*

**JOIN US!**

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# ACTION, NOT TALK

## and the

### "ENERGY EFFICIENCY WATCH"

**for making Europe the most energy and transport efficient economy in the world.**

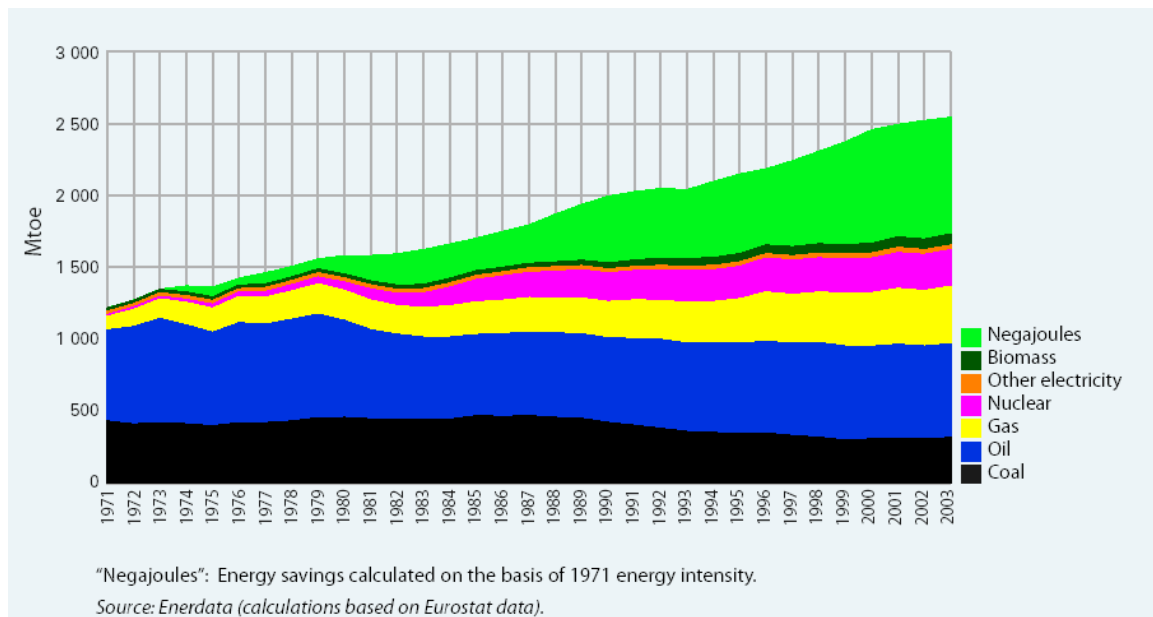
Energy is rapidly rising up policy agendas in Europe and around the world. Growing demand from China, India and other emerging economies is leading to greater competition for finite energy resources. Access to these resources is becoming a growing concern. Energy prices are rising and becoming increasingly volatile. With additional concerns over greenhouse gas emissions and nuclear waste to this mix, the potential for energy efficiency to address all of these issues cannot be ignored.

In this context we welcome the EU Commission's Green Paper on "Doing More With Less".

#### **Energy energy efficiency: Europe's biggest energy resource**

*negajoules* represent energy not consumed because of enhanced energy efficiency. Figure 1, shows that *negajoules*, despite a decreased focus from the EU, Governments and stakeholders on energy efficiency in the last years, is the biggest energy source of EU 25 - ahead of oil, gas, coal and nuclear.

Figure 1: Development of primary energy and negajoules (EU-25)



Despite being the EU's largest energy resource, energy efficiency – together with renewable energy – does not receive the political and business attention it deserves. In public debates on energy, demand-side options (energy efficiency) rarely receive the attention that supply-side options command. This must change, as must the perception that energy efficiency is associated with reduced comfort, services and production.

## **Energy efficiency: Europe's best reply to the challenges of energy security, rising and volatile energy prices, and environmental concerns.**

Numerous respected studies have identified energy efficiency investments – together with renewable energy – as the largest, fastest, and cheapest ways to:

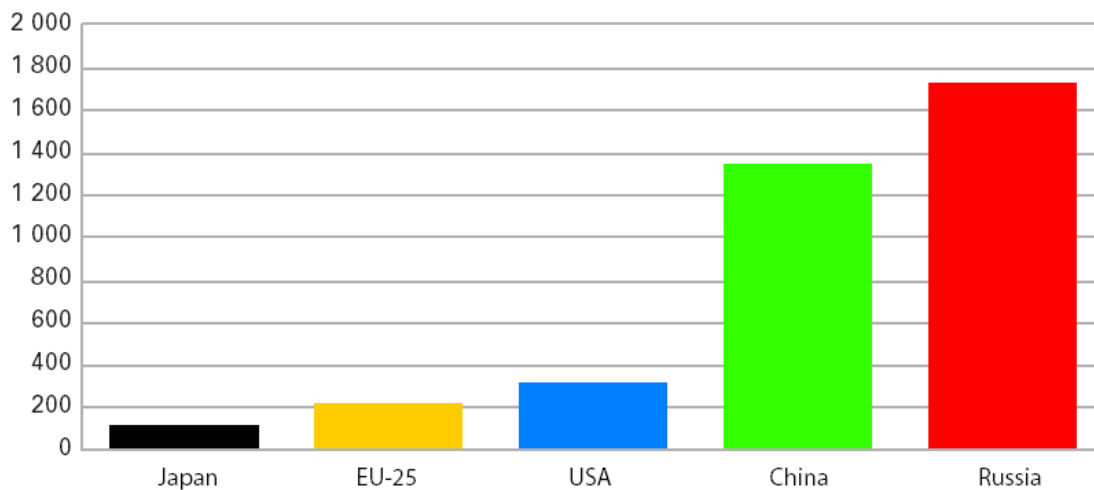
- reduce the EU's energy import dependency for oil products (for transport and heating) and for gas (for power generation and heating)
- reduce energy costs for EU businesses and citizens whilst decreasing vulnerability to energy price volatility and future energy price rises; SMEs and the fuel poor stand to benefit in particular
- reduce the environmental impacts of energy and transport services, such as global warming, local pollution and risks associated with nuclear power

### **Energy efficiency: Europe does not lead**

Respected international institutions - such as the International Energy Agency - identify improving energy efficiency as the most important step to more sustainable energy systems. The size of potential investments in energy efficiency is significant. These are expected to be larger than investments in any other part of the energy sector.

Japan, not Europe, is best placed to benefit from these investments. Figure 2 shows that the EU lags Japan when it comes to reducing energy intensity. Japan's focus on energy efficiency to improve energy intensity means it is currently the world leader in production of energy efficient consumer goods.

Figure 2: Energy intensity in 2003 (in toe/million EUR of GDP at 1995 market prices)



### **Energy conservation and energy efficiency: Why is Europe losing ground?**

The lost opportunity for energy improvements results from three issues.

*Market failure.* Lack of visibility of savings, limited access to capital, and lack of knowledge and awareness limit energy efficiency improvements despite the cost-effectiveness of energy efficiency.

*Unclear messages.* Incoherent messages to the larger public. Information on energy and transport is not enough focussed on the intelligent way to use it.

*Lack of vision.* Europe has failed to provide a vision on how to make energy efficiency mainstream. The key elements of such a vision should address the lack of trained energy efficiency specialists and sources of independent energy advice, together with inadequate economic signals and access to capital resources.

## **Energy efficiency: FROM TALK TO ACTION**

### **The National level**

As legislators with responsibilities to our constituencies and to the well-being of future generations, we solemnly commit ourselves to create, in our respective **Parliaments, cross-political party initiatives and actions** to highlight the importance of energy efficiency in energy and transport policies and to undertake an intensive promotion of energy efficiency measures in all relevant legislative initiatives.

In particular, we aim:

- 1) to transform our **Parliaments'** buildings and offices into **energy efficiency flagships** – to demonstrate to our electorates that their legislators can lead by example.
- 2) to **transpose, in a timely way, the various European Directives** in the fields of energy efficiency.
- 3) to engage in a **constructive dialogue** with our respective governments on the establishment of the '**National Energy Efficiency Action Plans**', in order to define stringent targets, to help establish effective and independent energy efficiency organisations and to monitor the Action Plans.
- 4) to ensure that **national budgets and EU funding programmes** (including structural and cohesion funds) give priority to investment in energy conservation and energy efficiency.
- 5) to organise **regular stakeholder dialogues** with the industrial, financial and NGO communities in order to highlight the importance of energy conservation and energy efficiency.
- 6) to bring **political and financial support to regional and local level** sustainable energy communities, since these institutions are vital in ensuring that effective investment in efficiency and conservation can take place.

### **The EU level**

As responsible legislators, we urge our respective Heads of States, together with the European Commission, to give a clear commitment to this issue at the 2006 Spring Summit by launching an ambitious EU Energy and Transport Efficiency Action Plan that can consist of the following actions and programmes:

#### Horizontal measures:

- Target: the EU should commit to an increase in overall energy efficiency of at least 20% between 2006 and 2020 (as identified by the Commission as being cost-effective when oil prices were €20 / barrel).
- Economic reform: the phase-out of harmful subsidies and the internalisation of external environmental costs should be based on the polluter-pays principle (Article 174 of the Treaties establishing the European Community) in order to create, in the internal market, effective price signals for energy efficiency investments. This can be achieved through the gradual reform of existing instruments, including state aid and public procurement rules, minimum levels for the taxation of energy fuels, the adjustment of VAT for energy consuming products and automobile taxation.
- Legislation: to implement existing legislation in due time and to give a clear mandate to the Commission to propose new legislation in the field of energy efficiency (for example the upgrading of existing labelling directives, the broadening of the Buildings Directive and the upgrading of the Cogeneration Directive) and - even more urgently - in the field of transport efficiency (for example, legislation on the efficiency of cars, on speed limits and on the pricing of air transport).
- Institutional Capacity: the lack of independent and committed staff is probably the single biggest hurdle for increased energy efficiency investment in the EU. The lack of suitably qualified staff within the EU Commission constrains effective co-operation between the relevant EU, national, regional and local levels, and can be overcome by providing adequate financial resources to train staff within relevant Commission services, to improve networking within the CIP (Competitiveness and Innovation Programme) and the Intelligent Energy Europe Programme and to make more pro-active the mandate of the existing Intelligent Energy Executive Agency.
- Financing instruments: all relevant European budgets (including the structural funds, cohesion funds, research and development programme and the CIP) should provide substantially greater priority to investments in energy conservation and energy efficiency. The International Financing Institutions in which the EU or EU Member States have a stake (for example the European Investment Bank, EBRD, World Bank and public Banks at a national level) should include energy audit procedures in all their activities, should have dedicated and specialised energy conservation departments and should initiate special credit schemes for their investments, for example the accelerated renovation of buildings or of public transport infrastructure. Access to risk capital should be streamlined for energy efficiency investments, and standardised risk assessments for energy efficiency investment should be introduced in order to reduce administrative burdens.
- The International dimension: Promoting energy efficiency at the global level will be at least as important as dialogue with energy producing countries. EU foreign policy must integrate this dimension in its contacts with counterparts in emerging economies (including China, India and Brazil), in Eastern European, Balkan and Mediterranean countries, and with Asia, Caribbean and Pacific countries. The Intelligent Energy Executive Agency should be staffed to provide the necessary expertise and to serve as a counterpart for technical collaboration.

#### Sectoral measures :

- **A European buildings initiative**: Buildings are responsible for 40% of EU energy consumption. Reducing building energy consumption by 30% is feasible over a 15 - 25

year period, and would create at least 500,000 jobs. A European buildings initiative should be launched by EU institutions, by January 2007, to:

- coordinate upgrading energy performance standards for new buildings
- create incentives to speed up the renovation of the existing building stock.

This initiative should pay particular attention to social housing and the fuel poor. Special attention should be given to passive heating and cooling. Financing could be assisted by subsidies from structural funds, and global loans from the European Investment Bank. The initiative must co-ordinate the efforts of architects, investor, owners, local mayors, and include training of building managers. All these stakeholders must be brought together to maximise the economic efficiency of the initiative.

- **A European combined-heat and power initiative:** Cogeneration is the simultaneous production of heat and electricity, and avoids unnecessary energy losses. This proven technique produces around 10% of Europe's electricity and heat requirements and has a significant growth potential. Member States should implement the recently passed Cogeneration Directive in full to realise the potential energy savings cogeneration can provide.

A European cogeneration initiative for complementing the Directive is needed ensure clear and visible results in the coming years. Member States should agree on a common target for the use of cogeneration, in addition to national targets, action plans and timetables. Moreover, the promotion of cogeneration should be mainstreamed into all related EU policy fields, such as environment, research, education, competition, industrial, trade, and regional policy.

- **A European market transformation initiative for appliances, office equipment, consumers electronics and industrial engines:** Increased energy efficiency of appliances is a major opportunity, with payback times often lower than 3 years. Opportunities exist for electric motors, lighting, consumer electronics ("stand by"), refrigeration and office equipment. The initiative could realise these opportunities in a number of ways. The introduction of more stringent minimum standard requirements could be speeded up. Progressive public procurement programmes could be used. Information campaigns and improving energy labelling would help stimulate demand for energy efficient products. Beneficiaries would include European manufacturers and energy consumers.
- **A European efficiency in industry and SME action programme:** EU businesses should become the most energy and transport efficient businesses in the world, reducing business costs and creating new business opportunities. The EU Commission and the Intelligent Energy Executive Agency can provide the lead in achieving this goal, by working with business organisations and representatives at the EU and national level. Energy efficiency opportunities exist across all industries, but particularly in the SME, transport and logistic sectors.
- **A European sustainable city transport initiative:** Cities engaging into long term "soft mobility planning" (favouring public transport, biking, walking and clean cars) should get privileged access to EU funding and low cost credits from European Investment Bank. This could be under the umbrella of a joint initiative between committed EU cities and EU Institutions. Benefits would include reductions in oil consumption, CO<sub>2</sub> emissions, air pollutants, and noise. Such a programme could provide EU citizens – the majority of whom live in urban environments - with a visible link to the EU.
- **A European train infrastructure initiative:** Seventy percent of EU oil consumption is for road and air transport, both of which are rapidly growing sectors. Recognising that increased mobility is – and will be – part of modern Europe, policies should support more

sustainable transport modes such as trains and shipping. Action is necessary on transport pricing and infrastructure development.

- **A European car of the future initiative:** Reducing energy consumption in cars is possible while accepting that cars will remain an dominant transportation mode. In fact reducing automobile energy consumption is amongst the single largest and most cost-effective way to reduce oil dependency and CO<sub>2</sub> emissions, since most cars currently are so fuel inefficient. The EU should propose new efficiency standards for cars after evaluating voluntary agreements with the automobile industry. Parallel measures – without diverting attention away from the automobile industry - should include CO<sub>2</sub> related car taxation and enhanced public procurement for efficient cars.
- **A European communication strategy on “less is more”:** An EU wide information and awareness raising campaign on best practice in energy efficiency can secure straightforward and cost-effective energy savings. The EU Commission should design such a campaign working together with relevant national institutions.
- **A European research effort on energy efficiency:** Many technologies for energy efficiency improvements already exist – with the challenge being greater and quicker market penetration. But further research is also need to develop these and new technologies. €100 million per year from the forthcoming 7th Framework Programme on Research and Development should be earmarked for such energy and transport research. National research in these areas should also have a larger focus on energy efficiency, and be better co-ordinated.