

Renewable Energy and Energy Efficiency- Innovative policies and financing instruments for the EU's southern and eastern neighbours

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Session 2: Successful Policies for energy efficiency

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Introduction

- The Challenges of Climate change need to be tackled effectively and urgently. Recent studies on this subject have contributed to a growing awareness and knowledge of the long-term consequences for global economic development, and have stressed the need for decisive and immediate action.
- This is also the conclusion of the Heads of State and Government of the EU's 27 Member States in the European Council of the 9th of March 2007, which responded to this challenge — by agreeing to an integrated climate and energy policy. By doing so, the EU also became a pioneer: it adopted binding targets for energy and climate policy, agreed by all Heads of State and Government.
- The Council established an independent EU commitment to reduce greenhouse gases by at least 20% by 2020, compared to 1990 levels. This commitment will be extended to a 30% reduction, if other developed countries commit themselves to comparable emissions reductions. The international dimension of our policy is absolutely fundamental.
- The European Council conclusions also includes an Action Plan (2007-2009) for an Energy Policy for Europe which contains proposals requiring both a strong internal and external effort. The Action Plan aims to set the EU on course to change its energy patterns, and by so doing, it can demonstrate to the international community the economic, social and environmental benefits which a different energy approach can bring. The domestic and international elements of the policy are two sides of the same coin.
- As such the Action Plan includes a binding commitment from Member States to increase the share of renewable energies to 20% of the EU energy mix by 2020, with a minimum binding target of 10% for the share of biofuels in transport petrol and diesel consumption.
- Furthermore the Action Plan also confirms the importance of energy efficiency for the EU economy. The Council agreed that the EU should aim to save 20% of its energy by 2020, compared to current projections.
- Coming to Energy Efficiency, the topic of this panel, the EU has already a legislative framework in place including on eco-labelling and eco-design, on the energy performance of buildings, on co-generation and on energy end-use efficiency and energy services. Furthermore the Energy Star programme provides for a voluntary energy labelling programme for office equipment.
- Nevertheless as stressed by the European Council, much more needs to be done. As you will recall, in October last year, the Commission adopted the Energy Efficiency Action

Plan, containing 10 priority actions and a list of around 75 specific energy efficiency measures.

- Some of the proposals announced in the Action Plan are legislative and will require agreement by the European Parliament and the Council. Some are proposals for amended Directives. Others are implementing Directives, resulting from a comitology process. Preparatory studies, measurement, standards, and impact assessments are currently under preparation. In fact, though the action plan covers the period 2007-2012, most of the measures are already planned for the 2 years to come.
- Nevertheless, improvement in energy efficiency will not have the desirable impact if taken in isolation for the EU alone. There is an urgent need to address this issue at a global level. Therefore, at the occasion of this international conference I would like to take some time to address this topic in particular.
- The EU is pursuing various initiatives at the external border in order to engage the various countries in its efforts. In particular I would like to mention the Energy Community. The Energy Community replicates the Internal Energy market in its essentials: the rules on the gas and electricity markets, competition rules, but also renewables, energy efficiency, environmental safeguards etc. At present, the Energy Community is limited to the countries of South East Europe. We hope in 2007 to bring Ukraine and Moldova into the fold. There is a standing invitation to Turkey. And we have other states in view too.
- The EU has also initiated various bilateral and regional policy dialogues on sustainable energy with its neighbouring countries. I would like to mention a few. Building on the INOGATE programme, the Baku Energy Initiative launched in 2004 supports the gradual development of regional energy markets in the Black Sea and the Caspian Littoral States, but provides also support to energy efficiency policies and programmes. The Euro-Mediterranean Energy Forum aims to promote regional energy integration in the Mediterranean region, enhancing energy security and diversifying the sources and supply routes. The energy dialogue with Russia ongoing since 2000 includes a thematic group on energy efficiency. The Baltic Sea Region Energy Co-operation launched in 1999, addresses security of energy supply, as well as energy efficiency, climate change, and renewable energies. Finally I would like to mention the EU-Africa cooperation on energy discussed at the Ministerial EU-Africa Troika meeting of 10th October 2006 in Brazzaville. The first discussions on this partnership took place in Berlin on 6-7 March, organised by the German EU Presidency, in cooperation with the Commission. In addition, the European Council last month identified a number of key external energy priorities in the ENP region for the next three years.
- These initiatives can only be successful in case supported by financial instruments. The Commission has set up a number of financial instruments to support its policy. In particular I would like to mention here the Global Energy and Renewable Energy Fund (GEEREF) and the Neighbourhood Investment Fund. The Global Energy Efficiency and Renewable Energy Fund (GEEREF), a global risk capital fund to mobilise private investment in energy efficiency and renewables projects has been set up with an initial €80 million from the European Commission. Several IFIs, Member States and commercial organisations have already shown an interest in co-financing this initiative, including the International Finance Cooperation (private sector arm of the World Bank). The Geographical coverage of the fund is ACP, North Africa, Eastern Europe and Central Asia.
- The communication of the Commission on 'Strengthening the European Neighbourhood Policy' disclosed at the end of last year, foresees the creation of a Neighbourhood

Investment Funds to support IFIs to support lending in the ENP partner countries. This fund will be allocated in priority for energy and transport projects. It is foreseen that there will be €700 million for this facility in the period 2007-2013. It will also be coordinated with the African Investment Facility.

- Besides, a strengthened policy dialogue must also be accompanied by Technological Cooperation. Research and Innovation will be key areas to progress in the use of sustainable energy. The EU's 7th Research and Technological Development (RTD) Framework Programme and the new Competitiveness and Innovation Programme (2007-2013) – which includes the Intelligent Energy Europe programme - are very effective in cooperating with countries around the world for developing demonstration and non-technological projects in the area of energy efficiency and renewables.
- Nevertheless I also would like to stress the importance of the support of the International Financing Institutions (IFI) to the programmes for energy efficiency and renewable energy. Most IFI's have developed specific sustainable programmes for enhancing energy efficiency and sustainable energy use in their regions of operation. International Financing Institutions should cooperate on a global framework and share experiences. Furthermore close cooperation between IFIs working in the same regions is of utmost importance, to avoid duplication of work and ensure best practice and consistency in approach towards the beneficiary countries.
- Many sustainable energy technologies are ready to be used cost-effectively. Large scale investments by the emerging economies could drive the cost of producing renewable energy down considerably. The wider use of renewable energy and energy saving technologies is increasingly critical for a sustainable energy future.
- This is also true for Europe's neighbouring countries. There are a wide range of opportunities where transfer of technologies can benefit the global community. It would be very valuable indeed to improve carbon intensity rates, in particular in countries which have very high carbon intensity.
- As a final, but very important point in the context of energy efficiency, I would like to address shortly the Commission's proposal, included in the Action Plan on Energy Efficiency, to establish an international agreement on energy efficiency, which would take us further than the current bilateral cooperation.
- As a first step towards this aim, the European Commission organised on 1st of February 2007 a round-table on International Cooperation on Energy Efficiency to pursue the idea and have a first open dialogue. This round table involved a very wide range of stakeholders from EU Member States and the emerging economies, (all 20 countries of the Gleneagles dialogue were invited, and almost all attended.) and included participation of international organisations, environmental NGOs, important manufacturers' branch organisations etc.
- Regarding the structure of the agreement the Round table indicated a preference for a "modular" structure, which would allow participants to sign up to those modules that provide them with added value, without requiring them to participate in all the modules in the agreement.
- On the content I would like to point a number of areas where we see an opportunity for cooperation within the framework of such an agreement:

- Cooperation on sharing methods for measuring the energy performance of energy-using products, buildings and transport, for performance standards and labelling;
- Establishing and applying international benchmarks on energy efficiency levels;
- Adoption of coordinated national (regional/local) strategies for saving energy;
- Establishment of structures for a systematic exchange of information and best practices in technology and financing;
- Developing and applying standardized energy audit measurement and verification procedures, and energy management schemes;
- Sharing of best practices on "green" procurement guidelines;
- Ensuring the creation of a stable framework for the financing of energy efficiency measures;

I praise the German presidency for the efforts to develop this initiative. We are facing challenges, in which cooperation at a global level is of utmost importance. I feel confident that the EU can effectively contribute to reach major achievements in this field, and I am looking forward to further exchange ideas on these issues within the framework of this panel.