Role of EU cohesion policy and their actors in implementing the new European energy policy

2012/2099(INI) - 21/12/2012 - Committee report tabled for plenary, single reading

The Committee on Regional Development adopted the own-initiative report by Lena KOLARSKA-BOBISKA (EPP, PL) on the role of EU cohesion policy and its actors in implementing the new European energy policy.

It welcomes the general approach of linking cohesion policy to the Europe 2020 objectives. It recalls, in addition, **the importance of the Structural Funds and the Cohesion Fund in achieving these short- and long-term objectives in combating energy poverty in the less developed regions of the EU and the most vulnerable households**. Members emphasise the need for strong EU support for economic, social and territorial cohesion bearing in mind the current crisis' negative effect of increasing local and regional disparities in Europe.

They believe that **European energy projects could contribute to regional development and stronger cross-border cooperation** by helping regions increase their capacity to manage energy resources.

In order to achieve the EU 2020-targets, the regions of Europe should promote smart, sustainable and inclusive growth that takes into account local specificities and conditions, allowing the regions of Europe sufficient flexibility to focus on those sustainable energy sources which are best suited to local and regional conditions.

The report calls for the **deployment of renewable sources of energy within the EU to be made more efficient** by striving towards a system of EU-wide incentives for renewable sources. It recommends taking into account the fact that Europe's energy markets are organised in regional groups.

Members take the view that the European Union should act as quickly as possible to **secure its energy future** and protect its interests in this field, and should at the same time offer substantial financial support for drawing up projects.

Stressing that **projected increases in energy pricing** may place citizens in the less developed EU regions at a particular disadvantage, Members ask that this factor be considered within cohesion policy planning.

Capacity building: Members stress that the current climate and energy targets and any future energy goals beyond 2020 should be based on **fair burden-sharing between European regions** and should allow them the possibility of future development, which is needed.

The report:

- supports the **simplification of rules and procedures**, the removal of red tape, and increased flexibility in allocating these funds at both EU and national level;

- stresses the importance of **increasing administrative capacity** at regional and local level in order to make full and effective use of the funding that will be allocated to energy projects under cohesion policy;

- stresses the importance of **regularly reviewing the allocation of cohesion funding** for energy projects, in order to increase the absorption rate and channel the funds into programmes which have a proven record of absorption, added value and effectiveness;

- draws the attention of the Member States and the Commission to the fact that **towns, especially small and medium-sized towns, and rural communities** should be eligible for direct funding aid for energy efficiency, and building renovation projects, as well as transregional and cross-border projects

- asks for support for initiatives supporting **local and regional capacities** to deal with energy savings, inter alia by ERDF and ESF investments;

- calls on the Commission to establish an **EU-wide cooperation programme**, based on the experience of the twinning programme, in order to improve cooperation between regions with high rates of absorption of EU funds and those with low absorption rates and to facilitate the dissemination of best practices.

Partnership agreements: for projects to be properly implemented, Members feel that **regional and local authorities should be consulted** on partnership agreements. They call, therefore, for the **partnership principle to be strengthened**, and support a **multi-level governance** and decentralised approach to energy policy and energy efficiency. Members point out that cohesion policy funding arrangements should ensure that the differing economic, social and territorial features of regions are fully taken into consideration. They highlight, in this connection, the role of the **regions located on the external borders** of the European Union, and single out the need to apply broad criteria for assessing energy projects put forward for cohesion policy funding.

Implementation and policy suggestions: Members believe that all regions still dependent on fossil fuels ought to be encouraged to **use sources of energy compatible with the goals of smart, sustainable and inclusive growth,** including those of a transitional nature.

The report:

- takes the view that **consistent rules are needed at European level** along with a mechanism for authorities to access information from across the Union in order to fully understand energy market developments;

- supports the use of cohesion and energy policy funds for **cross-border projects with third partner countries and connections between national networks**. Bordering regions should be incorporated into the EU system as much as possible to ensure sustainable development on both sides of the border;

- urges the Commission **to maximise the degree of coordination between the Structural Funds and the Cohesion Fund, on the one hand, and the Connecting Europe Facility**, on the other;

- encourages implementation of **cross-border strategies** on efficient energy production, distribution and use;

- supports the revision of the EU VAT Regulation (2006/112/EC) to allow for a reduction of the **VAT** rate applied to regional, local and cross-border projects seeking to increase energy efficiency.

Energy efficiency, renewables and infrastructure: Members believe that investment in low-emission and renewable energy sources, energy efficiency and other measures can result in supporting regional growth and jobs. While cohesion policy energy funding is at present mainly spent on renewables, Members note that a **better balance must be reached to enable a greater percentage of funding to be targeted at energy-efficiency projects.**

The report also:

- stresses the importance of cohesion policy, and of the financial resources allocated to it, for the full development of **energy storage and transmission infrastructure and networks** (with particular reference to smart grids and distribution) between the Member States and all regions of the EU, including the outermost regions. Members stress that **no region of the Member States should remain isolated from European gas and electricity networks after 2015** or suffer from inadequate connection to energy networks;

- emphasises the need to **develop an integrated and interconnected energy system**, and local and regional smart distribution and transmission networks for electricity and gas, together with storage facilities. The energy thematic concentration should support grid creation, and renovation for renewable sources of energy, i.e. sustainable production of biogas;

- considers that funding for renewables should focus primarily on the **local distribution of the power/fuel produced and small-scale renewable projects**;

- asks the Commission to ensure that energy policy is 'rural proof' by addressing in a more comprehensive and coordinated way the challenges and opportunities that **rural areas** face when it comes to energy use and production;

- stresses the economies of scale possible through cross-border cooperation on the sustainable use of resources and energy efficiency.

Competitiveness, jobs and fighting energy poverty: the report stresses that investments in energy infrastructure and energy-efficient construction and transport will lead directly to the creation of **new jobs**. Members call for the EU-wide **exchange of best practices** so that the impact on energy poverty of policies adopted in the area of energy may be monitored. They also highlight the need to **address the fragmentation of the EU energy market** by removing barriers and bottlenecks in the relevant legislative frameworks and in the system of access to public and private funds for project development and implementation.