

Energy end-use efficiency and energy services

2003/0300(COD) - 10/12/2003 - Legislative proposal

PURPOSE : to enhance the cost-effective and efficient end-use of energy in the Member States.

CONTENT : there is a clear need to improve the functioning of the energy market by removing barriers in order to allow market forces to allocate economic and natural resources effectively. Competition from energy-efficient end-use technologies can thus bring greater economic efficiency to the ongoing reform of the internal energy market. The prime objective of this proposal is to ensure more efficient end use of energy. One of the main mechanisms to promote this is by supporting and accelerating the development of a smooth functioning, commercially viable and competitive market for cost-effective energy efficiency measures. In addition, market subsidy and a certain level of government programmes are necessary in order to remove some of the market failures, although this must be carried out without distorting the competitive market that is being developed. These subsidies and supports should give way to the provision of energy services, energy efficiency programmes and other energy efficiency measures on purely commercial grounds. A market approach could also be provided by introducing so-called "white certificates", tradable energy efficiency certificates. This proposal has the objective of increasing end-use energy efficiency, using a number of operational measures. One of these measures is to develop the market for energy services, thus making energy efficiency an integral part of the internal market for energy. The proposal does this by providing a framework to promote the market both for energy services and for energy efficiency measures in general in major energy end-use sectors. The proposal covers the retail supply and distribution of extensive net-bound energy carriers, such as electricity and natural gas, together with other important energy types, such as district heating, heating fuel, coal and lignite, forestry and agricultural energy products and transport fuels. The proposal also includes a savings target at Member State level as a means of measuring energy efficiency improvements and reaching sufficient market demand for energy services. It also includes a savings target for the public sector, plus an obligation for Member States to ensure that certain energy distributors and/or retail supply companies offer energy services to their customers. This proposal, focusing on the promotion of end-use efficiency, should be regarded as a necessary instrument to complement the recently adopted legislation on the opening of the internal energy market, which mainly leads to efficiency improvements on the supply side. By the envisaged efficiency improvements, the proposal will contribute to the mitigation of greenhouse gas emissions in view of meeting the EU's Kyoto emission reduction target of 8% in 2008-2012, as well as the individual targets of the acceding states, and to improving the European Union's security of supply as underlined in the Commission's Green Paper "Towards a European Strategy for Energy Supply". Security of supply will be improved because energy efficiency measures will reduce energy demand and thus lessen import dependence. Improved energy efficiency will also allow more rapid intervention if necessary to shift or reduce peak loads on the infrastructure of grid-bound energy, such as electricity. Recent blackouts in the EU have once again highlighted the necessity of managing energy demand.