Action plan for energy efficiency: realising the potential

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PURPOSE: to present a Commission Communication on an Action Plan for energy efficiency.

CONTENT: This Action Plan outlines a framework of policies and measures with a view to intensifying the process of realising the over 20% estimated savings potential in EU annual primary energy consumption by 2020. The Plan lists a range of cost-effective measures, proposing 10 priority actions to be initiated immediately, and others to be initiated gradually over the Plan's six year period. Further action will subsequently be required to reach the full potential by 2020. Realising the 20% potential 2020, equivalent to some 390 Mtoe, will result in large energy and environmental benefits. CO2 emissions should be reduced by 780 Mt CO2 with respect to the baseline scenario, more than twice the EU reductions needed under the Kyoto Protocol by 2012. Additional investment expenditure in more efficient and innovative technologies will be more than compensated by the more than EUR 100 billions annual fuel savings.

Even though energy efficiency has improved considerably in recent years, it is still technically and economically feasible to save at least 20% of total primary energy by 2020 on top of what would be achieved by price effects and structural changes in the economy, natural replacement of technology and measures already in place. The largest cost-effective savings potential lies in the residential (households) and commercial buildings sector (tertiary sector), where the full potential is now estimated to be around 27% and 30% of energy use, respectively. For manufacturing industry, the overall potential is estimated to be around 25%, where peripheral equipment such as motors, fans and lighting[9] offer the most important savings potential. For transport, a similar full savings potential of 26 % is estimated, a figure which includes a significant impact from shifting to other modes of traffic[10], in line with the Mid-term review of the White Paper on transport.

The Action Plan highlights key proposals and places them in a political context. These proposals take into account recently adopted legislation on EU and other levels, which has already contributed to making Europe a world leader in energy efficiency. The annex contains a comprehensive list of measures, along with a timetable. The priority actions are as follows:

Priority Action 1: appliance and equipment labelling and minimum energy performance standards. Updated and dynamic labelling and minimum energy performance standards for appliances and other energy-using equipment will be developed as from 2007 on the basis of the Labelling and the Eco-design Directives. Special attention will be devoted to standby loss reduction. The Commission will start adopting such requirements for 14 priority product groups with a view to having all of them approved by the end of 2008. The Commission will revise the Framework Directive 92/75/EC on labelling to reinforce its effectiveness. The existing labelling classifications will be upgraded.

Priority Action 2: building performance requirements and very low energy buildings ("passive houses"). The Commission will propose expanding the scope of the Energy Performance of Buildings Directive substantially in 2009, after its complete implementation. It will also propose EU minimum performance requirements for new and renovated buildings (kWh/m²). For new buildings, the Commission will also develop a strategy for very low energy or passive housesin dialogue with Member States and key stakeholders towards more wide-spread deployment of these houses by 2015. The Commission will set a good example by leading the way, as far as its own buildings are concerned.

Priority Action 3: making power generation and distribution more efficient. The Commission will develop minimum binding efficiency requirements for new electricity, heating and cooling capacity lower than 20 MWand consider such requirements for larger production units. It will also develop with the energy supply industry guidelines on good operating practices for existing capacity to raise average generation efficiency for all plants and agree guidelines on good regulatory practices to reduce transmission and distribution losses. A proposal for a new regulatory framework to promote the connection of decentralised generation will be put forward in 2007.

Priority Action 4: achieving fuel efficiency of cars. The Commission will, if necessary, propose legislation to ensure that the 120 g CO_2/km target is achieved by 2012 through a comprehensive and consistent approach, in accordance with the agreed EU objective. In parallel it will propose to strengthen EU requirements for labelling of cars. Should it become clear that the voluntary commitments of the car industry to reach 140 g CO_2/km by 2008/2009 will not be honoured, the Commission will not hesitate to propose legislation.

Priority Action 5: facilitating appropriate financing of energy efficiency investments for SMEs and Energy Service Companies: through a number of specific initiatives, the Commission will call upon the banking sector to offer finance packages specifically aimed at SMEs and Energy Service Companies to adopt energy efficiency savings identified in energy audits. Access to Community financing, such as Green Investment Funds, co-financed by CIP, will be made available for promoting eco-innovations.

Priority Action 6: spurring energy efficiency in the new Member States. Within the framework of cohesion policy, energy efficiency is one of the priorities. The Commission will encourage European Regional Policy to deploy its national and regional programmes to promote more intensive investmentto improve energy efficiency, in particular in the new Member States, including in the multi-family and social housing sectors. In addition, the Commission will promote networking amongst Member States and regions to ensure financing of best practices in energy efficiency.

Priority Action 7: a coherent use of taxation. The Commission will prepare a Green Paper on indirect taxation (2007) and will subsequently review the Energy Tax Directive to facilitate a more targeted and coherent use of energy taxation by integrating energy efficiency considerations and environmental aspects. In addition, the Commission will consider in 2007 the costs and benefits of using tax credits as incentives for enterprises, on one hand, to promote the increased production of certified energy-efficient appliances and equipment and for consumers, on the other, to promote the purchase of such appliances and equipment.

Priority Action 8: raising energy efficiency awareness. Priority areas, besides improved labelling, will include education and training plans and programmes for energy managers in industry and utilities. Included will also be teaching aids for primary, secondary and vocational educational curricula. These will be developed as of 2007 through Community programmes, by recommendations to Member Sates and through co-operation with Member State and Community educational agencies.

Priority Action 9: energy efficiency in built-up areas. A “Covenant of Mayors” will be created by the Commission in 2007 bringing together in a permanent network the mayors of 20-30 of Europe's largest and most pioneering cities. The aim is to exchange and apply best practices thereby improving energy efficiency significantly in the urban environment, where local policy decisions and initiatives are important, including transport.

Priority Action 10: foster energy efficiency worldwide. In order to promote energy efficiency worldwide, the Commission will take the initiative in 2007 to reach a framework agreement with key external trading partner countries and international organisations. The agreement will focus on improving energy efficiency in end-use sectors and in energy transformation and will use a large number of policies and measures.

These measures could start producing effects in the next six years, many in the coming three. A major mid-term review will take place in 2009 during the implementation of the Action Plan. The Commission stresses that, more than anything, political will and engagement at national, regional and local level are necessary if the objectives here are to be achieved. Therefore, it is for the Council and the European Parliament and for national and regional policy makers to renew their full commitment and establish a clear and unambiguous mandate to facilitate the implementation of this Action Plan by endorsing it and agreeing on the proposals set forth.