

Brussels, 9 April 2002

"Intelligent Energy for Europe": the Commission proposes a new energy action programme

Today, the Commission is proposing a new multiannual programme for actions in the field of energy, "Intelligent Energy for Europe" (2003-2006), to follow on from the current energy framework programme, due to end on 31 December 2002. With a budget of €215 million, "Intelligent Energy for Europe" implements the strategy outlined in the Green Paper on security of energy supply,¹ founded on renewable energy sources and energy saving. "In the field of energy, the EU must focus its efforts on specific action with a high added value, to enable us to manage our dependence on external energy and comply with our Kyoto commitments to combat climate change" says Mrs Loyola de Palacio, Vice-President responsible for energy and transport. "This ambitious new programme will help us to take better coordinated and more coherent action", she explained.

With the new "Intelligent Energy for Europe" action programme, the Commission is adopting a more integrated and coherent approach. It is proposing a much higher level of European support for promoting renewable energies (ALTENER) and energy saving (SAVE), and at the same time bringing international action into line with these two priorities (COOPENER). Finally, it proposes to introduce a new raft of measures on the energy aspects of transport (STEER) in line with the new guidelines of the common transport policy.²

In the current financial context, the Commission proposes to allocate the programme a budget of €215 million for the period 2003-2006. This budget takes account of the EU's political guidelines, notably the European Union strategy for sustainable development approved by the Gothenburg European Council in June 2001.

The budget is broken down as follows:

€ million	2003	2004	2005	2006	TOTAL
SAVE	21	18	18	18	75
ALTENER	23	21	21	21	86
STEER	4	11	9	11	35
COOPENER	2	5	7	5	19
TOTAL	50	55*	55*	55*	215

* An additional budget of €50 million could be envisaged in the context of enlargement.

¹ For more information on the Green Paper, go to the following address:
http://europa.eu.int/comm/energy_transport/en/lpi_lv_en1.html .

² For more information on the White Paper on the common transport policy, go to the following address: http://europa.eu.int/comm/energy_transport/en/lb_en.html .

Joint funding will in principle be limited to 50% of the total cost of projects, but for certain studies, or measures undertaken on the Commission's own initiative, there is provision for 100% funding.

In order to be eligible for support, projects must help to manage the EU's energy dependency and combat climate change.

EU energy policy objectives

Energy policy has so far focused on influencing energy supply and production. However, as the Green Paper on security of energy supply demonstrates, there is little room for manoeuvre in this area. Therefore, the Green Paper proposes to balance this supply-side approach against a demand-based approach, namely our energy consumption.

The EU energy policy objectives must influence our energy consumption in order to:

- **Improve security of supply.** If the EU takes no action it will be importing over 70% of its energy by 2030. Such a level of dependence involves many economic, political and environmental risks. For instance, 95% of our oil needs will have to be imported. The transport sector in particular is almost entirely dependent on oil.
- **Combat climate change.** Moreover, the EU has undertaken to reduce its emissions of CO₂ - the main gas responsible for climate change - by 8% in relation to the 1990 level; however, if nothing is done, the projections of the European Environment Agency show that total emissions by the 15 EU Member States should increase between 1990 and 2010. Here again, transport is the main offender; while it represents 28% of CO₂ emissions, it will account for 90% of the increase in these emissions between 1990 and 2010.

This program is part of the recent legislative initiatives concerning the promotion of renewable energy in electricity production, development of biofuels and energy efficiency in buildings.

This program is registered in complement of the legislative initiatives taken concerning the production of electricity starting from the renewable sources, the biocarburants and the performances energy in the buildings. Faced with these challenges, the Green Paper on the security of energy supply recommends that European measures to support activities in the energy field be adapted to contribute to the specific energy objectives: improving energy efficiency by around 1% a year and developing the potential for renewable energies to account for 12% of overall consumption by 2010.³ "Intelligent Energy for Europe" implements the recommendations of the Green Paper.

³ The specific energy objectives are included in the legislative measures already adopted and in the current proposals. For more information on current legislation, go to the following address: http://europa.eu.int/eur-lex/en/lif/ind/en_analytical_index_12.html .

Background on the existing programs (1991-1997) and the first framework program energy (1998-2002)

1. The European Programs

Community non-technological support activity in the fields of energy efficiency and renewable energy sources started in 1991 with the adoption of the SAVE programme, followed in 1993 by the adoption of the ALTENER programme. The success of these two programmes was noted by all the Community institutions and the activities have been continued in the multiannual framework programme on actions in the energy sector (1998-2002) and related measures, which was adopted in 1998 and expires on 31 December 2002.

The framework programme, which has an overall budget of €175 million, comprised seven decisions: the decision adopting the framework programme and six annexed decisions for the specific programmes:

- ETAP - forward studies and monitoring of the markets (€5 million),
- SYNERGY - international energy cooperation (€15 million),
- CARNOT - stimulation of technologies for the clean and efficiency use of solid fuels (€3 million),
- SURE - cooperation in the nuclear sector and in particular on safety, industrial cooperation with the NIS and the transport of radioactive material, including the combating of illicit traffic (€9 million),
- ALTENER - promotion of renewable energy sources (€77 million),
- SAVE - promotion of energy efficiency (€66 million).

The initiative for a framework programme for energy was taken by the European Parliament and the Council to bring together the existing programmes, thereby creating economies of scale and increasing coordination. However, the expectations of a framework programme as regards economies of scale and in terms of procedural and implementing efficiency have not been met, firstly because of the lack of a single legal basis and, secondly, because of the highly varied nature of the programmes and their objectives.

2. Annual evaluation of the energy framework programme (2000)

In accordance with Article 5(1) of the Council Decision adopting the multiannual framework programme for actions in the energy sector (1998-2002), the Commission carries out an annual examination of the progress made on the framework programme and its specific programmes. The evaluation, carried out by independent experts in 2000, mainly looked at the efficiency and transparency of each programme, the Commission's internal coordination and the coherence between the projects selected and the objectives of the programmes in 1998 and 1999. In their report, the evaluators recognised the importance of the ALTENER, SAVE, SYNERGY and ETAP programmes in the context of the Community strategy to reduce CO₂ emissions. The analyses made during the evaluation nonetheless reveal four main areas which need to be reconsidered to some extent:

- firstly, the existence of “small” programmes with very different target groups and separate actions and procedures; these programmes could well provide the lines of action of one or two programmes, which would increase efficiency through the pooling of human resources and the harmonisation of selection, evaluation and management procedures;
- the lack of consistency between the objectives of some programmes and the resources allocated, in particular to the ALTENER and SAVE programmes; either the objectives need to be restricted, if the resources remain the same, or the financial resources and management needed to attain them must be provided;
- the methods and procedures for selection, evaluation and management must be modernised;
- the promotion of the framework programme and specific programmes and the way in which the results are disseminated are highly unsatisfactory and, in any event, unsystematic or inadequate, and are a crucial factor calling for change.

According to the experts’ analysis, to increase the effectiveness of a future programme beyond 2002, there should only be one single programme covering two technologies: alternative energy sources and energy savings. These activities would be supported horizontally by means of activities to spread the technologies throughout the EU and third countries and by obtaining the services and studies needed for management of the programme. The SURE programme should be attached to activities in the field of nuclear energy.

3. Mid-term evaluation of the energy framework programme (2001)

In accordance with the same Article 5(2) of the Council Decision adopting the multiannual framework programme for actions in the energy sector (1998-2002), at the end of the third year of this programme the Commission has asked independent experts to carry out an overall external evaluation of the progress made on the Community actions carried out under the framework programme and specific programmes.

This process has been launched and the interim report setting out the method of analysis of the framework programme and specific programmes and their impact will be presented to the Commission by the experts in the second quarter of 2002. The conclusions of these evaluations will be transmitted to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions and taken into account during the preparation of the work programme.