

## Parliamentary Hearings on: **INTELLIGENT ENERGY FOR EUROPE**

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Address by:

### **The European Alliance of Companies for Energy Efficiency in Buildings (EuroACE)**

The European Alliance of Companies for Energy Efficiency in Buildings – known as EuroACE – represents companies responsible for a turn-over of 60 billion Euros, and employing directly 380,000 people across the 15 member states.

EuroACE would like to congratulate the Parliament on having been the originators of the entire concept of developing an energy intelligent Europe. In particular, we welcome the wide-ranging and non-partisan nature of the initiative, designed to make Europe's economy the most energy intelligent in the world. It is most impressive that this initiative has the support of leading members of the Parliament, drawn from every member state and every political group.

Today marks two auspicious anniversaries. The first is known worldwide, and has been commemorated in this Parliament earlier this afternoon. But, on that same day one year ago, there met in the Parliament a group of stakeholders involved with taking forward Parliament's initiative to create for the first time an energy intelligent Europe. We were proud to be invited to participate in that event. We are proud to be invited again to participate in these important Hearings.

In the intervening year, the Commission has published, and the Council of Ministers has discussed, its proposal to turn into concrete form the aspirations so eloquently enunciated by the Parliament. We support the proposal to create a more cohesive programme as a successor to the current Energy Framework Programme. This will create both economies of scale and increased co-ordination.

The overall concept of intelligent energy is valuable, not only because it brings together the various strands of sustainable energy policy – research programmes, legislative initiatives and public awareness – but also because it recognises the need to transfer administration of the research programme to a more specialist team than can be provided amongst the Brussels fonctionnaires. As, in addition, the new executive agency will also be charged with the valuable – and to date unaddressed – task of spreading good policy practice amongst regional and municipal government, it is to be warmly welcomed.

The Commission tells us that the programme is “designed as the main Community instrument for non-technological support in the field of energy.” Its aim is to contribute towards a number of Community objectives, amongst the most important of which is to utilise the potential for improving energy efficiency.

We note that the Commission has set the goal of reducing energy consumption by 1% per year, in order to achieve savings of 12% during this decade. This, the Commission states, will achieve a reduction in carbon dioxide emissions equivalent to about 40% of the EU's Kyoto commitment. There is no other policy which can deliver such great ecological and financial benefits as energy efficiency.

It should be noted that almost half of all energy consumption in Europe is in buildings. EuroACE has supported strongly the Energy Performance in Buildings Directive, which will take the first modest steps towards ensuring that this level of consumption is reduced. We hope that the Second Reading of the Directive will proceed without delay, so that European citizens and enterprises can receive its benefits as early as possible.

In this context we would expect an appropriate level of funding to be made available to achieve these objectives. That is simply not happening. The total expenditure allocated to the promotion of energy efficiency is completely inadequate. To appreciate just how inadequate, we should recognise that the entire budget will amount to just over 1 million Euros per member state per year – and that is before any money is reallocated to assist the candidate countries.

Effectively, all that is being proposed is a minor percentage increase upon budgets originally set well over a decade ago, when not even lip-service was being paid to the need to prioritise sustainable energy.

It has to be recalled that, when the SAVE programme, in particular, was first promoted, Parliament was informed by the Commission that this was to be an almost exclusively legislative programme. At that time, some 13 separate Directives were promised. As of now, only two of these are yet operational.

The amount of finance required to support a legislative programme is manifestly several multiples lower than that needed to support an effective research and demonstration programme. But the alteration in focus for SAVE, from the former to the latter, has never been reflected in the allocated budgets.

Inevitably, size comparisons do need to be made with other programmes also described as priorities by DG Tren. We understand that DG Tren is proposing simultaneously a budget of 750 million Euros to fund the nuclear fusion research programme. This is 11 times more than is being allocated to energy efficiency.

For the past 30 years, similar sums have been devoted year after year to funding nuclear fusion research. To date, apart from as a make-work programme for physicists, there have been absolutely no practical fruits whatsoever from such astronomical sums of public money.

In its communication, “Towards a European Strategy for the Security of Energy Supply”, published this June, the Commission states that its Green Paper “offers a clear strategy based on demand management.” The Commission goes on to argue that, “It is appropriate for the Union to concentrate on guiding and steering demand, unlike the United States, which seeks to meet demand by constantly boosting supply.” It continues that, “The conclusion is that there is virtually unanimous agreement on the strategic axis of demand management.” We should also note that the Barcelona European Council clearly gave strong political backing on this priority.

The size of the budgets set for the research part of the Intelligent Energy for Europe initiative in no way seek to reflect in practical terms that rhetoric. Unless and until there is a wholesale reconfiguration of budgeting priorities within the Commission’s energy portfolio, it is clear that the wholly laudable objectives set out in this new strategy will never be realised.

**EuroACE**