

# **Energy efficiency in the Maritime Peripheries**



- 1° - CPMR, A PARTNER IN ELIH-MED**
- 2° - HOW ELIH-MED GOALS MEET EUROPE 2020 OBJECTIVES.**
- 3° - FUNDING ENERGY EFFICIENCY.**

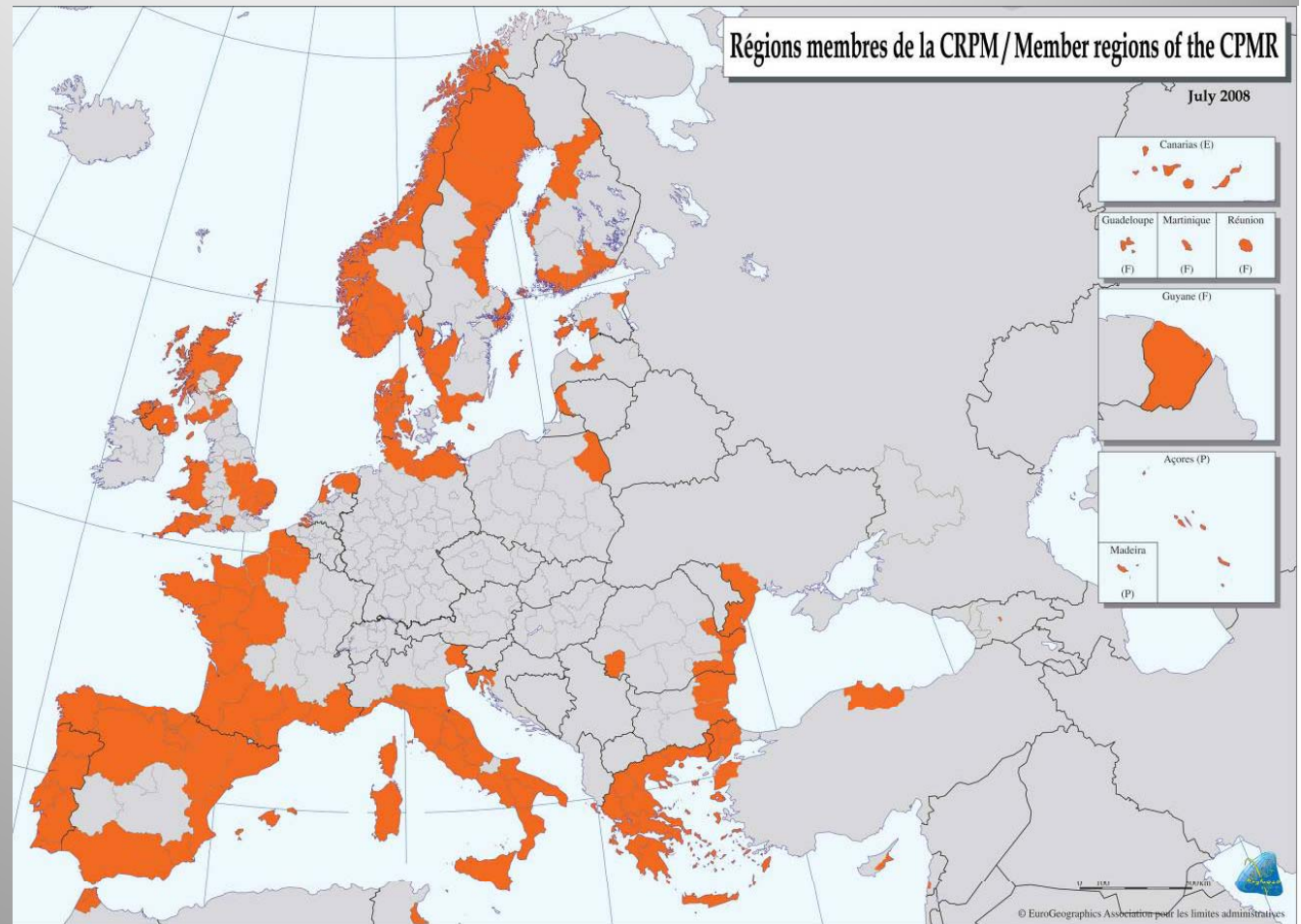
# CPMR, a regional organisation born in 1973



- Made of Regional authorities
- Run democratically by its members
- Self-financed by its members
- Decentralized in its structure (with Geographical Commissions)
- Head offices: Rennes (French Brittany) + Brussels

# Members

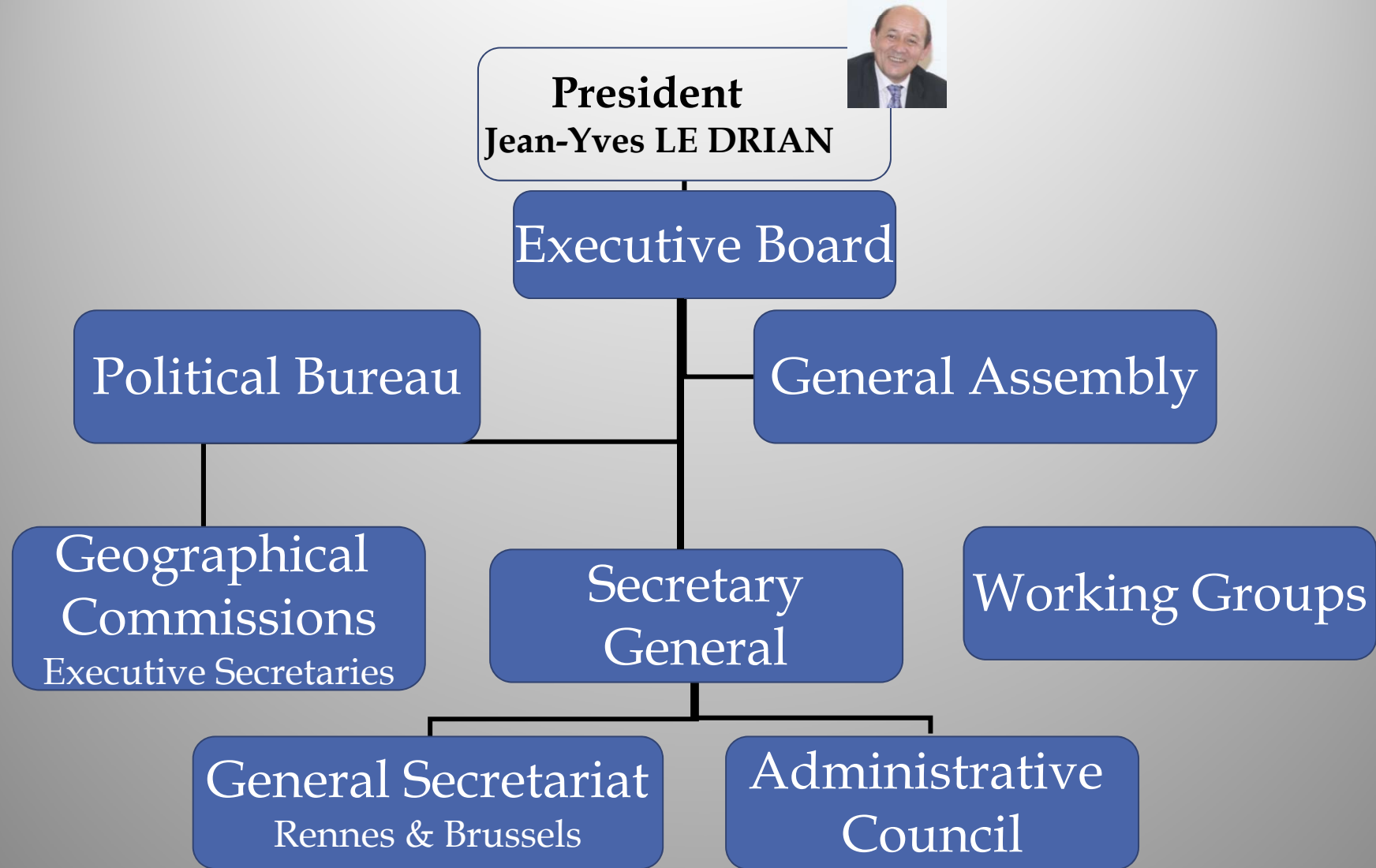
- 161 Regions
- 28 EU member and non-member States
- 200 million inhabitants
- 6 Geographical Commissions



# CPMR Goals

- To strengthen Europe's economic, social and territorial cohesion
- To promote Europe's maritime dimension
- To promote sustainable development, especially in the context of climate change
- To promote better governance and increased subsidiarity for the Regions
- To foster cooperation between its members as well as with other Regions and Regional organisations beyond Europe

# CPMR Structure



# A COMMON ORGANISATION AND 6 GEOGRAPHICAL COMMISSIONS



**CPMR has set-up a number of « Working groups » to deal with issues of key interest to its members, amongst which the Energy Working Group**

- Maritime peripheries are in the front line of global warming. CPMR is committed to combatting the causes of climate change.
- Populations in maritime peripheries are vulnerable to energy security and energy costs because of transport, and because of climatic conditions.
- Maritime peripheries have a considerable potential when it comes to renewable energies. Developing this potential could strengthen Territorial cohesion.

# CPMR & its Geographical Commissions foster cooperation on Energy-related issues





# CPMR & Energy Working Group lobby EU to influence legislation



# Energy efficiency: why for?

- Definition of Energy efficiency: reduce the amount of energy used to provide goods and services
- EU goals: reducing greenhouse gas emissions by at least 20% compared to 1990 levels or by 30%, if the conditions are right; increasing the share of renewable energy sources in our final energy consumption to 20%; and a **20% increase in energy efficiency are headline target in EU 2020**
- “1 million jobs at stake”, € 60 billion less in oil and gas imports by 2020.
- "Resource efficient Europe" aims to help decouple economic growth from the use of resources, support the shift towards a low carbon economy, increase the use of renewable energy sources, modernise our transport sector and promote energy efficiency.

# Energy efficiency: why does it concern peripheral maritime Regions?

- EU peripheries often beset by extreme climatic conditions (cold, heat, storms...) which imply building constraints
- EU peripheries often beset by energy poverty
- Local and Regional authorities are key players (public procurement, promotion, education)

# Energy efficiency: How ?

- New energy performance standards for products, more efficient power generation, reducing CO2 emission from transport, **new energy standards for buildings** , etc.
- **Facilitate bank financing** for investments, coherent use of taxation, awareness and education campaigns , promoting energy efficiency by SMEs, setting-up energy service companies ;
- **Improving Energy efficiency in Urban areas** (Covenant of Mayors), but also in peripheral areas (Isles-Pact)

# What support exists for Energy efficiency in Buildings?

- **Cohesion Policy: 2007-2013 planned support from Cohesion Policy.** Funds for investments related to energy efficiency, co-generation and energy management is approximately **€ 4.4 billion**. Extended gradually from public and commercial buildings to residential sector.
- **The Intelligent Energy Europe Programme (2007-2013): € 730 m programme** supports projects to overcome market failures, including activities to accelerate the renovation of the building stock.
- **Intermediated finance: Credit lines from International Financial Institutions (IFI) and other public sector banks**
- **The European Economic Recovery Programme:** funding the "Energy-efficient Buildings" public private partnership, providing **€ 1 billion** for research methods and technologies to reduce the energy consumption of new and renovated buildings. In addition, the Commission is currently working with the European Investment Bank to set-up a dedicated investment fund using unspent funds from this programme to be set-up to support energy efficiency and renewable energy projects, later in 2011.
- **The Framework Programme for research, technological development and demonstration (2007-2013):** supports research and innovation in energy efficiency as a cross-cutting measure right across the Cooperation Programme, more than 200 projects being financed with an EU contribution of **€1 billion**.

# What will happen tomorrow?

- **Proposals on future EU Budget.** Expected June 2011
- **Draft post-2013 Structural Funds legislation.** Expected September 2011
- **Directive on energy efficiency and savings** This initiative is a follow up to the European Energy Efficiency Plan. It will provide an enhanced framework for energy efficiency and savings policies of Member States, including targets, role of National Energy Efficiency Action Plans, exemplary role of public sector, financing, consumer information. It will replace the Energy Services Directive 2006/32/EC. Expected 3rd quarter 2011

# Energy efficiency for low-income housing meets 2 Europe 2020 EU-wide targets

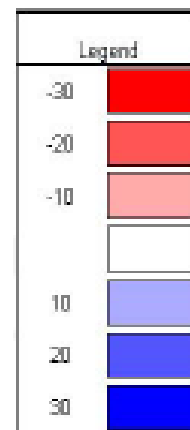
1. **Employment** : 75% of the 20-64 year-olds to be employed
2. **R&D / innovation** : 3% of the EU's GDP (public and private combined) to be invested in R&D/innovation
3. **Climate change / energy**
  - greenhouse gas emissions 20% (or even 30%, if the conditions are right) lower than 1990
  - 20% of energy from renewables
  - 20% increase in energy efficiency (buildings = 41 energy consumption)
4. **Education**: Reducing school drop-out rates below 10% , and at least 40% of 30-34–year-olds completing third level education
5. **Poverty / social exclusion** : at least 20 million fewer people in or at risk of poverty and social exclusion

## However...

- EU Commission points out that approximately 30% of the total € 344 billion Regional funding over 2007-2013 is available for activities with a particular impact on sustainable growth (of which But by the end of 2009, **only 22% of this funding for sustainable growth had been allocated to specific projects compared to 27% for the total of Regional funding.**
- Figures are especially low for Sustainable Energy (15%), though better for Urban regeneration (25%)



Usage of funds for  
« sustainable use of  
resources » has  
been low in the  
Mediterranean



**Scores in 'sustainable use of resources'**

*Relative positions of MS: the higher the score, the better the situation*

Source: European Commission, DG ECFIN

- Renewable energy targets are likely to be met, but Energy efficiency ones are not.
- Energy efficiency is not a legally binding target (unlike % of REN), though indirect one through CO2 reduction
- Member States do not agree on the way it is being calculated.
- Member States are wary of potential costs when there are many other pressing needs

**Long-term EU infrastructural investment needs  
are considerable  
(up to close to €2,000 Billion by 2020)  
and energy is not the only sector concerned**

<b>MAJOR EU INVESTMENT NEEDS TILL 2020</b>	
<b>TEN-TRANSPORT programme</b>	<b>€500 BILLION</b>
<b>To achieve the Commission's broadband targets</b>	<b>between €38-58 BILLION and €181-268 BILLION</b>
<b>To upgrade existing and build new generation capacity, particularly in renewable energy</b>	<b>€500 BILLION</b>
<b>For distribution networks and smart grids</b>	<b>€400 BILLION</b>
<b>For transmission networks and storage</b>	<b>€200 BILLION</b>
<b>Estimated costs of reaching the 20% CO2 reduction target in 2050</b>	<b>€70 Billion /year</b>
<b>“ idem” after the recession...</b>	<b>€48 Billion/year (0.32% of GDP in 2020)</b>

# What will fund energy efficiency in buildings tomorrow?

- Structural Funds?
- Auctionnering of ETS ?

# **DIRECTIVE 2009/29/EC of 23 April 2009 to improve and extend the greenhouse gas emission allowance trading scheme of the Community**

- ARTICLE 10§3. Member States shall determine the use of revenues generated from the auctioning of allowances. **At least 50 % of the revenues generated from the auctioning of allowances referred to in paragraph 2**, including all revenues from the auctioning referred to in paragraph 2, points (b) and (c), or the equivalent in financial value of these revenues, should be used for one or more of the following:
  - (b) to develop renewable energies to meet the commitment of the Community to using 20 % renewable energies by 2020, as well as to develop other technologies contributing to the transition to a safe and sustainable low-carbon economy and **to help meet the commitment of the Community to increase energy efficiency by 20 % by 2020**;
  - h) **measures intended to increase energy efficiency and insulation or to provide financial support in order to address social aspects in lower and middle income households**;

# The EU Allowances (EUAs).

A major source of funding, but a highly volatile market

Number of EUAs issued today	c. 2 BILLION
Planned reduced number in 2020	c. 1,72 BILLION
Maximum price of EUAs (April 2006)	€ 30 per EUA
Minimum price of EUAs (September 2007)	€ 0,1
Present price (2011)	c. € 14/15
Forecasted 2011 price ?	C. € 22

Market value of EUAs in 2011 at €22	<b>c.€44 BILLION</b>
<b>At least 50% of EUAs offered for auctioning should be spent by MS on Climate Change objectives</b>	

# CPMR's viewpoint

- « Binding EE targets »... why not?
- But regional and local authorities must be given the financial means and provided with upfront capital for investments in buildings and transport
- Full use must be made of Structural Funds and Cohesion Fund
- Member States are supposed to invest 50% of proceeds of EU Allowances auctioning in adaptation & mitigation objectives
- Part of this money should be used jointly with EIB to provide low interest loans & loan security to concerned authorities and agencies