

## Public consultation on the Energy Strategy for Europe **It's time to encourage a bottom-up EU energy policy based on territorial cohesion**

Position Paper adopted by the Board of Energy Cities, 2<sup>nd</sup> July 2010

### 1 - Background

On 7<sup>th</sup> of May the European Commission launched a public consultation<sup>1</sup> on the basis of a "stock taking document" entitled "**Towards a new Energy Strategy for Europe 2011-2020**"<sup>2</sup>.

In the introduction, the Commission points out "*the overall goal of European energy policy is to ensure that consumers and enterprises obtain safe, secure, sustainable and low-carbon energy at affordable and competitive prices. The challenges of global energy security and energy geopolitics, slow progress in combating climate change at the global level, the urge to recover on growth and jobs in the EU and the need to invest in tomorrow's energy networks call for a new Energy Strategy to further deliver on those objectives.*"

The Commission states that "*Completing the internal energy market, achieving energy savings and promoting low-carbon innovation are the main vectors to reach the objectives of competitiveness, sustainability and security of supply. An open global business climate and a more coherent and effective approach to the EU external energy relations will also help us to reach our objectives.*"

This consultation is also based on "*the inclusion of a specific chapter on energy in the Lisbon Treaty [that] now offers a firm legal basis for developing energy initiatives based in particular on sustainability, security of supply, the functioning of the internal energy markets, the interconnection of networks and solidarity, while restating the right of Member States to decide which fuels to include in their energy mix.*"

### 2 – Energy Cities proposes a renewed energy strategy based on bottom-up policies and territorial cohesion

Following the analysis of the stock taking document "*Towards a New Energy Strategy for Europe 2011-2020*" whose results are detailed in the following pages, Energy Cities, the European Association of local authorities inventing their energy future, proposes a bottom-up EU energy policy based on territorial cohesion.

In concrete terms Energy Cities suggests the following three instruments become part of Europe's new energy strategy:

#### **2.1 Introduce a new Community Instrument: 'URBAN – Sustainable Energy'**

Based on the successful "*URBAN*" Community Initiative of the European Regional Development Fund, this instrument should be set up as a support programme for the Cities engaged in the Covenant of Mayors.

Covenant of Mayors signatories have committed, on a voluntary basis, to contribute to the achievement of the binding commitments Member States and EU have taken in the framework of the Energy and Climate Package. Covenant Signatories should be rewarded with relevant technical and financial support.

This new initiative could partly be fed by ETS auction sales. With regards to the procedure, direct contracts between the European Commission and Cities would be the most favourable solution and they could be signed on the basis of the Cities' Sustainable Energy Action Plans.

<sup>1</sup> [http://ec.europa.eu/energy/strategies/consultations/2010\\_07\\_02\\_energy\\_strategy\\_en.htm](http://ec.europa.eu/energy/strategies/consultations/2010_07_02_energy_strategy_en.htm)

<sup>2</sup> [http://ec.europa.eu/energy/strategies/consultations/doc/2010\\_07\\_02/2010\\_07\\_02\\_energy\\_strategy.pdf](http://ec.europa.eu/energy/strategies/consultations/doc/2010_07_02/2010_07_02_energy_strategy.pdf)

The “*URBAN – Sustainable Energy*” initiative could perfectly be introduced in the Flagship “Resource efficient Europe” within the EU 2020 Strategy<sup>3</sup> as already proposed by Energy Cities in a previous position paper (April 2010) – see amendment annexed.

## **2.2 – Empower local authorities with financial engineering assistance to implement energy efficient projects**

The access to finance, both public and private, is relying on increasingly complex procedures. As a result, a substantial amount of the available funding remains unused whilst expectations from cities for financial support remain high in order to implement sustainable energy projects. The European Local Energy Assistance (ELENA) facility demonstrates how technical assistance for developing bankable projects is paramount to trigger investment in sustainable energy at regional or metropolitan level.

Building on the success of ELENA, it is crucial to create an instrument that puts all local authorities, whatever their size, and local banks in a position to apply for such a financial engineering assistance facility at a large scale and in a decentralised manner.

As a matter of fact, the “114+ M€” from the unspent money of the EU Economic Recovery Plan offers an exceptional opportunity for initiating a “network” of local, regional and national banks that would support sustainable energy projects in cities. Beyond the EIB instruments, cities need to see a practical return for their commitment. They all must be in a situation to use this facility by themselves and/or with their principal banks.

## **2.3 – Initiate a public forum on the EU Energy Strategy through the prism of territorial cohesion.**

A public forum could be a very innovative contributor to the “*new Energy Strategy 2020 to further deliver on [EU] objectives*”. Gathering a large spectrum of EU stakeholders, institutions, city networks, *Covenant of Mayors* signatories, NGOs, professional associations, businesses, etc.<sup>4</sup>, this forum could accompany the EU Energy Strategy by:

- Monitoring the preparation and the implementation of the EU Energy Strategy at national, regional and local level under the prism of territorial cohesion.
- Identifying the most advanced national legislation/regulations on energy efficiency, renewable energy sources and local responsibilities so as to improve EU and Member States regulations, to reinforce the capacities of local authorities to invent, experiment and find new paths to achieve EU goals
- Analysing how to better stimulate innovation and action within territories and/or to remove all obstacles preventing those territories to act towards sustainable energy policies.
- Preparing the post 2013 financial perspectives and policies so that it better accompanies local authorities in implementing their sustainable energy policies.
- Studying in which way the inclusion of a territorial dimension into climate and energy policies can contribute to the Europe 2020 Strategy for a “smart, sustainable and inclusive growth” towards a new economy, and be a key factor of success for employment, innovation, and reduction of poverty which are the main priorities of this strategy.
- Showing how a renewed bottom-up energy policy can be a practical example of multilevel governance, from citizens to the EU level that makes Europe going forward.

## **3 – Presentation and comments on the stock taking document**

The “*stock taking document*” provides an overview of on-going policies, regulations, directives, action plans and programmes that help to summarise the various components of energy related instruments within a unique document. In its first part it analyses the progress since the Energy Action Plan of 2007 and then, in a second part, it proposes a series of key issues for the new Energy Strategy for Europe 2011-2020, with both short term and longer term issues to be considered.

This consultation is very welcome, as an EU Energy Strategy is really needed and has to be decided after an in-depth discussion with all stakeholders and the society as a whole.

Despite its declared ambition, this document remains rather traditional and contains only a limited number of new issues. It is mainly focused on the actual implementation of measures that have already been

<sup>3</sup> Strategy EU 2020 [http://ec.europa.eu/archives/growthandjobs\\_2009/pdf/complet\\_en.pdf](http://ec.europa.eu/archives/growthandjobs_2009/pdf/complet_en.pdf)

<sup>4</sup> Such a platform has already been set up by Energy Cities through the IMAGINE initiative, together with a wide range of private, public and associative partners, to define the concept of “*low energy city with a high quality of life for all*” as part of the IMAGINE platform [http://www.energy-cities.eu/IMG/pdf/IMAGINE\\_Memorandum\\_en-2.pdf](http://www.energy-cities.eu/IMG/pdf/IMAGINE_Memorandum_en-2.pdf)



decided, without analysing really the reasons of failures. In addition, the rather short term horizon (2020), which is disconnected of the longer term (for instance one generation -> 2030), does not allow really for the requested change of trend. Because it fails to address the following question *“Which desired energy paradigm do we want by 2030, 2040, 2050?”* the exercise is frustrating and innovative answers almost impossible to be identified. At the end, there is a serious risk to do maintain a status quo although the diagnosis is rather realistically negative and everyone agrees it would lead us to further economical, social and environmental catastrophes

Energy Cities will only review the parts of the documents related to local issues or where the local dimension can bring about significant improvements.

### Energy efficiency

The document states, once again, **“the energy savings potential continues to be greatly under-utilised”**, despite *“its obvious importance to energy security and sustainability, energy efficiency is also central to making the economy more competitive, promoting local businesses opportunities (especially for SMEs), and lowering people's energy bills.”*

Without analysing actually the reasons of such a failure, it says that *“more financing, awareness-raising, qualified workforce, quicker uptake of energy efficient technologies and innovation as well as better functioning markets for energy services are all needed to facilitate a higher uptake of energy efficiency.”*

It concludes as follows: **“without significant energy savings and reduction in energy intensity including energy-efficient behavior, a sustainable and low-carbon economy will be impossible to achieve.”**

Energy Cities can only share and emphasize these views, but such a statement is “ritual” in all European Commission documents for more than a decade. Energy Cities regularly pointed out this “double language”<sup>5</sup>, as intentions are often not followed by appropriate policies to tackle this challenge. Therefore such a repeated statement does not give a guarantee of any significant change.

### Decentralisation of energy issues

The document proposes the following:

- *“Promoting the development of fully interoperable smart grids, inter alia to allow for **decentralisation of energy production, integration of renewable energies** and the completion of the internal energy market. This includes the roll-out of smart meters whereby individual consumers can better monitor their demand to reduce peaks and transfer demand to cheap-rate periods, enter into demand-response agreements and improve energy efficiency within their homes”*. Such a proposal has to be strongly supported, although it only solves part of the problem. In addition smart meters are very often designed under the point of view of utilities instead of taking the final consumers’ perspective.
- *“EU **citizens** should also be guaranteed a high level of safety and security for energy supply and use” [as] “days of cheap energy are definitely over”*. That is indeed a main concern. However it is not sure that the only solution is *“by removing bottlenecks and increasing competition, the internal market should ensure that consumers do not pay more than what is really necessary for their energy consumption”*. Energy saving and efficiency in heating, lighting, moving, etc., are without any doubts, a better guarantee for citizens than relying only on internal market improvement. In addition they would trigger the creation of local and sustainable jobs, a key objective of the EU 2020 strategy also mentioned as a goal in the EC proposal.
- *“Encouraging cities **and regions to continue to develop local, integrated solutions** for meeting their energy, waste management and sustainable transport and housing needs (the Covenant of Mayors is already demonstrating innovative schemes. See: <http://www.eumayors.eu/>)”*. This point is a signal of change. Indeed, the *Covenant of Mayors* appears as the most innovative initiative to tackle energy and climate challenges. The support of the European Commission – and all other EU institutions – to this bottom-up process demonstrates a first change of attitude towards local authorities that must be underlined... and strengthened.

As the European Commission document says, *“the delivery of the 2020 goals will imply a coordinated effort at all levels. Europe will achieve its objectives of sustainability, competitiveness and security of supply in*

<sup>5</sup> For instance,

- In August 1995 Energy Cities and networks opinion on the Green Paper for a European Energy Policy
- In December 2000, Energy Cities did the same remarks in its opinion on the Commission’s Action Plan aiming at promoting energy efficiency in the European Community
- In October 2005, Energy Cities’ opinion on the Green Paper on Energy Efficiency or “Doing More With Less”



energy if it acts collectively. The new Energy Strategy should encompass actions at both **EU and Member State level. Cities and regions** play a key role in developing local integrated solutions.”<sup>6</sup>

Of course, Energy Cities strongly agrees with this multi-level approach, opening the way for new forms of governance in Europe. However, we need to go further in this direction towards a new and bottom-up energy policy that must be considered as a part of the EU policy and not as an appendix of a mainly supply-side and top-down one. An EU urban policy should be very helpful for encouraging such a new trend.

### Infrastructures

The document points out “an important weakness is the **lack of a European infrastructure framework**. A common perspective has become critically needed to address four challenges: to interconnect the various markets in Europe and accomplish market integration; to ensure security of supply through proper connections with third country supply sources; to link sources of renewable energy production with the existing grids; and to develop smart grids which pave the way for increased decentralization of energy production and the full absorption of renewable energy.”

However, it does not mention the need of urban infrastructures such as district heating which is the only mean for developing RES and large scale CHP throughout the EU. Only issues related to Trans-European Networks seem to be considered as priorities.

### Implementation of EU policies

The document is realistic regarding this issue: “For European energy policy to be effective, it is not sufficient that a legislative framework is in place; it must also be implemented. **The current state of implementation of European energy legislation is overall poor**. For example, the Commission has had to pursue many Member States for inadequate implementation of the second internal market package, adopted 7 years ago and the Energy Performance of Buildings Directive dating from 2002. A large number of National Energy Efficiency Action Plans submitted in 2007-8, as required under the Energy Services Directive, were disappointing. In the area of renewable energy, where legally binding targets were agreed upon in 2009, there has been more progress but the economic crisis of 2009 may have jeopardized or delayed planned industrial investments.”

We can say there is a serious failure in implementing EU policies, especially those which are linked with energy efficiency. Doesn't this go to prove that a top down regulation alone is not enough to tackle such challenges and that involving those people, bodies and public authorities that are close to the ground is in fact indispensable?

### Internal market

When searching the reasons for such failures, there is a recurrent explanation: the internal market is not achieved yet: “A well functioning, competitive internal energy market is key for the long-term energy and climate objectives pursued by the EU (...)”. The “**internal energy market** (...) does not function properly yet. This means that a crucial lever to promote affordable and secure energy and to accompany the transition towards low carbon energy **is currently not fully exploited**. Well functioning retail and wholesale markets, accompanied by smart regulation, are crucial to ensure that citizens and businesses in Europe can exercise choice with the appropriate tools at their disposal and that competition between suppliers presses prices down and quality of services up.”

Is the non-completion of the internal market **the** right explanation for failures? Whether in some ways, such an explanation may be relevant (for instance due to the weight and lobby from big supply companies which discourage alternative solutions, such as gas companies against biomass in district heating, utilities against decentralised production, etc.), in other cases, a strict interpretation of the liberalised market rules could be an obstacle to sustainable energy policies (for instance, the fluctuation of prices does not encourage decisions having a long term impact, in energy efficiency, renewable and CHP).

---

<sup>6</sup> See in annex the amendments proposed by Energy Cities to the flagship “Resources Efficient Europe” of the draft EU Strategy 2020”



## Technological Innovation

The document states that “*technological innovation will be pivotal for Europe to achieve its 20-20-20 climate action targets and for Europe to complete its 2020 Agenda for smart, sustainable and inclusive growth*” in order “*to develop efficient technologies and local carbon technologies*”.

Although Energy Cities agrees on the crucial role innovation can play in making the EU strategy successful, we consider that *technological* innovation is not the sole answer. Innovative optimisation of existing technologies, as well as new ways of planning urban areas, organising transport, heating systems in a holistic approach, new forms of governance, etc., are indispensable and therefore require better attention, experimentation, technical and financial support.

## **4 - Analysis**

Energy is not the only newcomer in the Lisbon Treaty. ***Territorial Cohesion*** (which now completes Economic and Social Cohesion from the earlier Treaties) is another. ***Energy and Territorial Cohesion have to do something together.***

Cutting carbon emissions is a matter of creating a new economy within the constraints of global ecological sustainability. All energy policy decisions should boost innovation, business opportunities, employment and fight poverty. Far from being a constraint, sustainability should be seen as a new economic opportunity.

### The European energy policy in a nutshell

The European discourse on energy policy has two dimensions -presented as complementary but which are in fact parallel- that are used alternatively depending on the public concerned, a dichotomy that tends to sow confusion:

- ***On the one hand***, there is a discourse essentially based on a ***centralised supply-side approach***, involving major energy operators, the internal electricity and gas market, large intra-European networks, CCS installations, etc. This is where gas, coal and electricity (including off-shore wind energy) are discussed, within the limits of what Member States are ready to accept, the temptation to play their own partitions being quite strong. This discourse claims to meet the challenges raised by energy security and competitiveness, a dimension which receives low media attention but plays a fundamental role in structuring the European policy (whilst mobilising most of DG ENER and national ministries' staff). It has the advantage of concerning a rather limited number of specialised decision-makers, which facilitates discussions. The latter are extremely powerful and, despite a few words of sympathy they consider the second dimension (see below) as accessory or barely tolerable. The underlying financial interests are huge. Such a dimension does not involve society as a whole.
- ***On the other hand***, there is a discourse on “***sustainable energy***”, energy efficiency and energy savings, decentralised generation, especially of electricity (CHP, PV, etc.), smart grids making injection of locally-produced electricity into the grid easier, as well as smart meters to facilitate peak management and providing information to final consumers to manage their energy consumption. This dimension receives more media coverage but is far less influent, despite the increased attention it is getting due to the climate objectives. For an institution such as the European Commission, it has the main disadvantage of involving a very large number of scattered players and strongly interacts with society as a whole which makes policy-making more difficult. This explains why energy efficiency is generally addressed with three-fold sidestepping: step 1) this is the option with the best cost-benefit ratio; step 2) it is very complicated; step 3) we continue as before. If energy efficiency policies have been a failure so far, it is mainly due to the fact that they are designed at a central level (EU + Member States), whereas their efficiency largely depends on the implementation of decentralised territorial policies.

A third dimension, presented as a synthesis attempt, is emerging with the notion of a “*low carbon energy system*” used in this “*stock-taking document*”. This term implicitly encompasses gas, nuclear electricity, renewables and energy efficiency, through to carbon capture and storage. It is not certain that this contributes to a better understanding of the EU energy policy or to opening really innovative prospects.



## 5 - Towards a new EU bottom-up energy policy based on territorial cohesion

### Cities are inventing a new energy paradigm.

One of the main innovations in recent years comes from cities which are implementing policies combining ambitious energy and climate targets and improved quality of life for their citizens.

Copenhagen, Stockholm, Växjö, Malmö, Helsinki, Heidelberg and Freiburg are often cited as renowned European places that are receiving increasing numbers of visitors that are keen to learn from their experiences. Some cities are aiming at “zero fossil fuel”, “100% renewables” or want to become “carbon neutral”. They are retrofitting existing buildings to significantly reduce their energy use, they are building passive and positive energy buildings, they are using thermal energy resources from the ground and sea as well as biomass and waste to feed heat networks. They are using CHP to optimise electricity and heat generation and developing solar thermal and PV installations. They are building cycling paths and tramways, creating public spaces encouraging soft modes of transport, setting up new districts with low fossil energy use, reducing energy poverty and creating sustainable jobs; thus paving the way for the much sought-after green growth. These famous cities are mainly located in countries where national legislation facilitates local action: feed-in tariffs, energy and carbon taxes, strong local power and responsibilities, etc., we definitively should inventory.

These cities have been the subject of enthusiastic reports in the media. They are overwhelmingly appreciated by their inhabitants as well as by those companies who like to know in which direction their territory is developing and want to operate within a framework that preserves them from unforeseen market ups and downs. They are reconsidering their mode of development on the basis of a progressive transformation of the existing energy paradigm. They are implementing a form of bottom up, citizen- and user-oriented “energy subsidiarity” which consists of looking for solutions as close as possible to the problems to be solved. They are mobilising local energy saving and energy efficiency potentials in an integrated way, before turning to exogenous complementary supplies in a concentric manner. They are making use of favourable national and European legislation.

### The Covenant of Mayors: from pioneers towards a mass movement

A new paradigm is emerging, which is consistent with the heavy trend at work in our early 21<sup>st</sup> century societies: the quest for greater autonomy. These cities are happily mixing “sustainable energy” and “territorial cohesion”, thus showing the way towards achieving the EU energy and climate objectives.

How not to see beyond these pioneering cities a deeper movement able to propose new solutions to the EU and that deserves to be considered as a major solution not to say the only possible solution to the problems we are currently facing?

With nearly 2000 cities and towns, dozens of Supporting Structures involved mid-2010, the *Covenant of Mayors* – qualified as an “unprecedented movement” by José Manuel Barroso - gives the local dimension utmost relevance. Cities are indeed committed to going beyond the Energy & Climate Package objectives in their territories and therefore to implementing policies inspired by the examples below. Regions and Provinces are bringing on stage their financial and technical support to Covenant Signatories and by doing so reinforce territorial cohesion. Covenant of Mayors signatories need to receive an effective support from the EU.

<b>Energy Cities – Main Office</b> 2, chemin de Palente F – 25000 Besançon Tel: + 33 3 81 65 36 81 Fax: + 33 3 81 50 73 51 <a href="mailto:info@energy-cities.eu">info@energy-cities.eu</a> <a href="http://www.energy-cities.eu">www.energy-cities.eu</a>	<b>Energy Cities – Brussels Office</b> 1, Square de Meeûs B – 1000 Bruxelles Tel: + 32 2 544 09 21 Fax: + 32 2 544 15 81 <a href="mailto:kristina.dely@energy-cities.eu">kristina.dely@energy-cities.eu</a> <a href="http://www.energy-cities.eu">www.energy-cities.eu</a>
--	--



## Flagship Initiative: "Resource efficient Europe"

Amendments proposed by Energy Cities, 29 April 2010

*In black, italic: text of the Commission; in blue: Amendment of Energy Cities; in red: justification.*

"The aim is to support the shift towards a **resource efficient and low-carbon economy** that is efficient in the way it uses all resources. The aim is to decouple our economic growth from **resource and energy use, reduce CO<sub>2</sub> emissions**, enhance competitiveness and promote greater energy security.

**"At EU level, the Commission will work:**

- "To mobilise **EU financial instruments** (e.g. rural development, structural funds, R&D framework programme, TENs, EIB) as part of a consistent funding strategy, that pulls together EU and national public and private funding;
- "To enhance a framework for the use of **market-based instruments** (e.g. emissions trading, revision of energy taxation, state-aid framework, encouraging wider use of green public procurement);
- "To present proposals to modernise and **decarbonise the transport sector** thereby contributing to increased competitiveness. This can be done through a mix of measures e.g. infrastructure measures such as early deployment of grid infrastructures of electrical mobility, intelligent traffic management, better logistics, pursuing the reduction of CO<sub>2</sub> emissions for road vehicles, for the aviation and maritime sectors including the launch of a major **European "green" car initiative** which will help to promote new technologies including electric and hybrid cars through a mix of research, setting of common standards and developing the necessary infrastructure support;
- "To accelerate the implementation of strategic projects with high European added value to address critical bottlenecks, in particular cross border sections and inter modal nodes (cities, ports, logistic platforms);
- "To complete the **internal energy market** and implement the **strategic energy technologies (SET)** plan, promoting **renewable sources of energy** in the single market would also be a priority;
- "To present an initiative to upgrade Europe's networks, including **Trans European Energy Networks, towards a European supergrid, "smart grids"** and interconnections in particular of renewable energy sources to the grid (with support of structural funds and the EIB). This includes to promote infrastructure projects of major strategic importance to the EU in the Baltic, Balkan, Mediterranean and Eurasian regions;"
- (Energy Cities amendment) To present an initiative aimed at supporting the **policies and actions of cities** - especially those engaged in the Covenant of Mayors - **committed to reaching and exceeding the Energy and Climate Package targets on a voluntary basis** in their territories, using existing and new instruments.

### Justification:

1 – Reaching the EU energy and climate objectives will not be possible without the involvement of cities; they are responsible for urban and periurban space organisation, a major determinant of energy use in a number of areas: mobility and transport, new and retrofitted buildings, heat and cold networks, town planning, etc.

2 – At the COP 15, the EU proposed integrating **the role of local authorities** in the implementation of mitigation and adaptation measures: "The EU highlights the role which local authorities will play in implementing mitigation and adaptation actions and calls for recognition of that role in the Copenhagen agreement." (21<sup>st</sup> October 2009, European Council of the Environment Ministers)

- "To adopt and implement a **revised Energy Efficiency Action Plan** and **promote a substantial programme in resource efficiency (supporting SMEs as well as households)** by making use of structural and other funds to leverage new financing through existing highly successful models of innovative investment schemes; this should promote changes in consumption and production patterns;

<sup>7</sup> [http://ec.europa.eu/archives/growthandjobs\\_2009/pdf/complet\\_en.pdf](http://ec.europa.eu/archives/growthandjobs_2009/pdf/complet_en.pdf)



- “To establish a **vision of structural and technological changes required to move to a low carbon, resource efficient and climate resilient economy by 2050** which will allow the EU to achieve its emissions reduction and biodiversity targets; this includes disaster prevention and response, harnessing the contribution of cohesion, agricultural, rural development, and maritime policies to address climate change, in particular through adaptation measures based on more efficient use of resources, which will also contribute to improving global food security.

**“At national level, Member States will need:**

- “To phase out environmentally harmful subsidies, limiting exceptions to people with social needs;
- “To deploy market-based instruments such as **fiscal incentives and procurement** to adapt production and consumption methods;
- “To develop smart, upgraded and **fully interconnected transport and energy infrastructures** and make full use of ICT;
- “To ensure a coordinated implementation of **infrastructure projects**, within the EU Core network, that critically contribute to the effectiveness of the overall EU transport system;
- (Energy Cities amendment) To provide **practical support to the policies and actions** – including through recognition of their right to experiment innovative solutions - **of cities committed to reaching and exceeding the Energy and Climate Package targets in their territories**, especially those engaged in the Covenant of Mayors.

Justification:

Cities need appropriate legal, fiscal and incentive frameworks. Cities are responsible for urban and peri-urban space organisation, a major determinant of energy use in a number of areas: mobility and transport, new and retrofitted buildings, heat and cold networks, town planning, renewable energy and energy from waste, etc. Cities, however, operate within a framework that is largely determined by laws, tax systems and incentives defined by national and regional governments and far from always being favourable to local action.

- “To focus on the **urban dimension of transport** where much of the congestion and emissions are generated;
- “To use **regulation, building performance standards and market-based instruments such as taxation, subsidies and procurement to reduce energy and resource use and use structural funds to invest in energy efficiency in public buildings and in more efficient recycling;**
- “To incentivize energy saving instruments that could raise efficiency in energy-intensive sectors, such as based on the use of ICTs.

(Energy Cities amendment): add “**At local level and on a voluntary basis, cities will seek to**”:

- Design and implement **policies and actions aimed at reaching and exceeding the Energy and Climate Package targets** in their territories and mobilising the civil society.

Justification:

1 – Reaching the EU objectives will not be possible without the involvement of cities; they are responsible for urban and peri-urban space organisation, a major determinant of energy use in a number of areas: mobility and transport, new and retrofitted buildings, heat and cold networks, town planning, renewable energy and energy from waste, etc.

2 – Cities have demonstrated their commitment, notably through the Covenant of Mayors. Every day, they demonstrate their capacity to change and take initiatives by coming up with practical innovations aimed at optimising urban systems by reducing their emissions and ensuring cautious use of resources.

3 – Thanks to these policies, and because they have to continuously integrate the fight against poverty, the creation of new jobs, energy and climate issues, as well as innovation and education – the five priority areas of the EU 2020 Strategy – in their territories, the role of cities is of paramount importance.

4 – The encouragement given to cities by the EU and Member States will contribute to increasing the number of cities involved in local energy and climate change policies, a major step towards reaching the EU objectives.

