

# RENEWABLE ENERGY SOURCES

EUROPEAN COMMISSION PAPERS

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May 1997

# **G**REEN PAPER

## Summary of opinion

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1 - It is with satisfaction that Energie Cités takes note of the Publication of the **Green Paper** of the European Commission, of its invitation to debate its contents and to formulate propositions aswell as the objective which it is seeking to attain: to publish a white paper linked to an Action Plan.

2 - Energie Cités considers that Renewable Energy must be **considered under the same heading as the other energy sources** in the energy supply policy of the European Union and that for that to be the case it is essential that they are definitively moved out from the marginal position in which they are often placed.

3 - At Energie Cités we feel that renewable energy should be considered in terms of the **"Energy of the future"**. There are a number of reasons for this - security of supply, reduced dependence, effect on the environment, employment and competitiveness, the initiatives of citizens and local and regional authorities on this topic, export opportunities and aiding the development of countries with few resources of their own and whose energy consumption is increasing exponentially.

4 - Energie Cités believes that renewable energy must be taken into account during the **application of the Structural Funds**. This is essential because it tends to show that renewable energy is an energy to be taken into account under the same heading as the others and that they are one of the elements of local and regional development and the creation of employment.

5 - Energie Cités **agrees with 12% target for the contribution of renewable energy** in 2010 which represents a doubling of the current situation. The European Union needs ambitious targets which mobilise action.

6 - Energie Cites considers that it is very important to **incorporate the external costs** in the cost of all types of energy as advocated in the Green Paper, (for instance through a differential tax on the various types of energy). Such a measure

is indispensable if one wants to promote a significant development of renewable energy and if one wants to compensate for the distortion of the market between the different types of energy.

7 - Energie Cités considers that **citizens are generally prejudiced in favour of renewable energy** and that this is a very important asset in promoting its development. During a period when many citizens are doubtful about the "European Construction" and when there is a certain concern about the increasing use of conventional energy sources with the pollution and risk that they imply, there would be a favourable reception to an ambitious Community initiative.

Energie Cités draws the attention of the European Commission to the following points:

8 - The question of the **predicted share of renewable energy** in the European energy equation brings in its train the question of the predicted changes in overall energy consumption. Energie Cités deplores the fact that none of the four scenarios in the study "Energy in Europe in 2020" integrates an active programme for the rational use of energy which could limit, or even halt or reverse the trend in energy consumption. Energie Cités urgently requests that **the two aspects, the control of energy consumption (with significant energy savings) and renewable energy** are promoted together - it is the only means by which one can attain the objectives that have been set.

9 - The Community's commitments to **reduce CO<sub>2</sub> emissions** (stabilisation of CO<sub>2</sub> emissions in 2000 at the level of 1990) will not be achieved. Europe cannot be satisfied with such mediocre results. It is a bad omen for future obligations of the Community and leaves an element of doubt over the seriousness of future commitments. Continued growth in the share of nuclear energy is not likely in the near future since the public is very wary of it, so therefore Europe must put its effort in to both the control of energy consumption and the promotion of renewable

energy if it wants to reduce emissions. There is need for a strong lead in this direction from the politicians.

10 - The general trend towards a **liberalization of the energy market**, of which the Internal Energy Market is part, forces energy prices down. One of the most important obstacles to the development of renewable energy is the difference in price compared to traditional energy sources and unfortunately this difference seems likely to increase. It follows that the economic performance of renewable energy is only likely to be competitive in areas which are isolated from the major energy networks, i.e. where the costs of energy distribution are highest. This is not acceptable.

11 - Energie Cités considers that one must continue to **explore all possible avenues** (integration of external costs, IRP, CO<sub>2</sub> taxes, a levy on electricity, credit arrangements for renewable energy, etc.). However in the absence of any certainty on the future decisions that will be taken and without any knowledge of their possible impact, it would prudent to **continue to permit grants well adapted for renewable energy** from Community, national, regional and local sources within the framework of the rules of the Treaty in order to ensure its continued development. If we wish to hold on to Community support, it would be better not simply to maintain it at current levels but instead to increase it via Programmes for Research, Development Demonstration and Promotion of renewable energy plus their accompanying actions on one hand and links with other sectoral policies of the European Union on the other hand.

12 - Energie Cités considers that **the role of local and regional authorities** is not sufficiently taken into account in the Green Paper. They are not presented as essential partners in the development of renewable energy. Renewable energy is inherently local by nature, and so it is obvious that the degree to which one can develop it will be proportional to the capacity for local initiative. It is important therefore to develop it just as much in urban areas where the majority of energy demand is situated as in areas where development is lagging behind or which are isolated.

13 - This implies that there suitable skills exist at local level and that there is an ability to analyse development possibilities and to define local and regional strategies designed to develop renewable energy. This is why Energie Cités believes that the Commission must:

- strengthen the policy of supporting the creation of local and regional energy agencies (in the framework of SAVE II). This is fundamental.
- develop reliable information directed at those involved at the local level.
- encourage exchange networks between local and regional authorities in Europe
- improve the ease by which local authorities can gain access to the ALTENER programme (and other programmes providing support for renewable energy).
- encourage local and regional energy planning centred on renewable energy (in combination with the rational use of energy) in the framework of the ALTENER II programme.

# GREEN PAPER

## Opinion

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The European commission has published a "Green Paper" entitled "Energy for the Future: Renewable Energy Sources". This Green Paper was the subject of a Communication to the Council of Ministers on 3 December 1996. In chapter 7, it states that *"this Green Paper constitutes the first step in the implementation of a strategy for renewable energy sources. It was designed to start the debate relating to the most urgent measures which might be taken at Community level and by the Member States, as well as the nature of these specific actions. Consequently, the Commission invites all interested parties to contribute to this process by sending it their reactions to this Green Paper before March 1997 as well as any questions which may arise. Based on these reactions and comments, the Commission intends to publish a White Paper between now and the middle of 97 relating to the community strategy for renewable energy sources including an action plan"*.

Energie-Cités, an association of European municipalities, is responding to the invitation from the European Commission through the document presented below. This document, which will be sent to the European Commission, will form the contribution from Energie-Cités from a point of view to be drawn up in common with the other networks of regional and insular authorities (Fédarene and Islenet), in close relationship with the Committee of Regions.

Energie-Cités welcomes the publication of the Green Paper, the invitation to discuss and formulate proposals which it suggests, and the objectives which it is pursuing: to publish a White Paper including an Action Plan. In particular, the development of renewable energies involves the fact that they must once and for all relinquish the marginality with which they are still far too often associated. Renewable energy resources must be considered within the same scope as other energies within the energy supply policy of the European Union and not as a concession granted by those responsible for making decisions on energy matters and large companies. The public debate around "An Energy for the Future: Renewables energy sources" must contribute to this. As far as we are concerned, we hope to play our role in this.

The first part of the Green Paper deals with the findings and the analysis; the second part with the objectives and the strategy. Our opinion will be organised around the same layout.

### 1 - FINDINGS AND ANALYSIS

1 - Energie-Cités shares the Commission's point of view whereby the potential for renewable energies is currently exploited in an **insufficient and unequal** manner:

- **insufficient**: a 6% contribution to the primary energy balance including hydroelectricity is effectively too low with respect to the existing potentials. However, this figure should be compared with other energy sources: for example, in spite of the means - both direct and indirect - given to it, nuclear energy also contributes 6% to the final energy consumption of the European Union. It has never seemed that this type of energy is marginal, especially when Euratom was created although its contribution is minuscule. In other words, the small share of one type of energy in a balance cannot be seen to be an obstacle to its credibility or a restrictive argument for its development.

- **unequal**: it is true that geographical and climatic conditions predispose some Member States to use locally available renewable resources more. However, other explanations can in no way be ignored:

- . the energy policies of the States and their energy systems,
- . the autonomy which local authorities and regional authorities in general have, especially in the energy domain.

It can be seen that local initiatives are even more important when there are local powers and skills and, in this case, the use of renewable energies, which are local by nature, is greater.

2 - The question of the **predicted share of renewable energies** in the energy balance at the same time brings into question the predicted change in total energy consumption. In effect, for the same contribution in absolute terms, the share will be greater if overall consumption is limited. The figures given in the Green Paper relate to the "Energy in Europe in 2020" study.

Energie-Cités deplores the fact that none of the four scenarios in this study incorporates a voluntarist approach for energy management which might limit and even stop or reduce the change in energy consumption. An approach such as this, which would be based on the generalisation within 20 years of the techniques and methods which are currently the most efficient from an energy point of view, would however appear to be both desirable and realistic. Especially since the European Union is in a practically stable demographic situation in which industrial

activities are relatively losing their importance to the benefit of less energy consuming tertiary activities.

By distancing such a hypothesis and therefore the possibility of implementing a policy as a result, the conclusions forcibly lead to an increase, deemed to be inevitable, in energy consumption and, consequently, a reduction in the relative share which might be satisfied by renewable energies. Furthermore, the "Forum" scenario which is the only one to forecast a slight increase in the share of renewable energies is based on the assumption, which we consider to be totally unrealistic, of nuclear capacities doubling between now and 2020.

Energie-Cités cannot resign itself to the idea that, whatever the scenario, the results relating to renewable energies would be the same. The question can be asked about the pertinence of taking the "Energy in Europe in 2020" study into account for the simulation exercise carried out in the Green Paper.

3 - Energie-Cités considers that the "TERES II" exercise, especially in its "policy of better practices" scenario, is much better suited to the question posed. Based on the principle of applying the most efficient practices currently known about for promoting renewable energies on the scale of the European Union, it adopts a both voluntarist and realistic approach. It relies on facts which can be seen today and not on hazardous investigations. It does not rely totally on the external forces of the world energy markets and geopolitical outlooks, but calls upon a policy of the European Union and the Member States, as has been done previously for coal and nuclear energy. An approach such as this would also allow local and regional authorities to be fully involved in this kind of movement.

As for Energie-Cités, renewable energies must be thought in terms of **energies for the future**, for reasons of ensuring supplies and less dependence, of the environment, jobs and competitiveness, of the initiatives of citizens and regional and local authorities and of the export to and support for the development of countries lacking resources or in a situation where their energy consumption is exploding.

Energie-Cités shares the objective that renewable energies should represent 12% in 2010. However, this objective can only be achieved if energy consumption is managed. Energie-Cités hopes that the **two aspects of "energy consumption management" and "renewable energies"** are undertaken simultaneously.

4 - As for the **advantages offered by renewable energy sources**, with respect to the Community objectives, overall Energie-Cités shares the analysis contained in the Green Paper but wants to enhance it with additional considerations.

#### 4.1 - Environmental considerations

The Community's commitment to reducing CO2 emissions (stabilising emissions in the year 2000 to the level in 1990) will not be reached, in spite of the large coal / natural gas substitution during this period.

Europe, which after the United States is the source of the largest proportion of CO2 emissions compared to the number of inhabitants, cannot be satisfied with such mediocre results. This augers badly for the future obligations of the Community and gives rise to a doubt about the reality of its future commitments. As the development of nuclear energy (with certain exceptions which are fairly poorly accepted by the people) is not foreseeable at least in the near future, it is both the management of energy consumption and the use of renewable energies which must be given the most attention.

#### 4.2 - Safety of supply

The dependence of the Community in relation to its energy supplies is on a sharply increasing slope and might reach more than two-thirds by 2020. The increase in energy consumption in countries undergoing large economic development (and generally still low consumers at present) must forcibly increase the strain on the increasingly geographically concentrated oil resources. The Gulf Crisis showed what the financial and human costs might be of ensuring supplies and this must remain firmly in our minds.

The dependence of the European Union on its gas supplies is also increasing, and the countries which supply us (especially Algeria and Russia) are not amongst the most stable on the planet. The desire to reduce CO2 emissions by an increase in the use of gas instead of other energies has reinforced the growth of consumption.

As for Energie-Cités, the result is that the increased use of renewable energies linked to the management of energy consumption are, on a quantitative level (TOEs which can be saved or substituted) as well as on a qualitative level (diversification of supplies), complete means for the safety of the supply.

#### 4.3 - Competitiveness

The information provided by the Green Paper is sufficiently enlightening on this subject. An increased use of renewable energies would continue to produce scale savings, thus reducing prices, which will be a favourable factor for their penetration as well as their export to outside the European Union where large potentials exist, in which companies in the Community must have a strong presence.

#### 4.4 - Regional development

The availability of renewable energies is universal and it can be confirmed that all European regions have renewable resources. Even if, naturally, this does not involve the same energies everywhere nor even the same potentials, nevertheless there is often a combination of several of them:

water, sun, wind, wood, agricultural production, biogas, waste.

The least developed regions have resources such as these. Nevertheless, the illusion whereby some areas are regarded as being better than others with respect to the availability of renewable energy resources must not be allowed to surface. This illusion comes from the fact that they are often lacking in other energy resources and/or are not connected to the networks and that local resources seem to be the only ones available. This is particularly true of the islands and the many very remote regions, and naturally the use of these potentials should be mobilised as much as possible.

Whilst it is true that many renewable resources come from rural or sparsely urbanised areas (wood, energy crops, hydroelectricity, wind), care should be taken not to associate renewable energies with rurality thus keeping them there. Urban areas are directly greatly affected by renewable energies on various levels: being the highest consumers of energy, they constitute the largest outlets for renewable energies and it is here where the stakes in terms of substitution are the highest; heat and electricity from wood and/or waste, needs in terms of hot water, heating and air conditioning partly satisfied by active and passive solar energy; the use of bio-fuels, the production and use of biogas, etc. Consequently, it is naturally true that the tourist areas could be subject to a significant increase in the use of renewable energies (solar heated water for example) as is suggested in the Green Paper, however, examples such as this must not be used to marginalise renewable energies and to associate them with sunny areas only.

It is where the energy requirements are the greatest that the penetration potentials are the largest independently to the climate. Simply study the map below to understand why.

#### **4.5 - Public opinion and consumers' choice**

The people's favourable preconception of renewable energies is a very important asset as far as their development is concerned. In a period where a certain amount of doubt is taking hold of many people regarding the construction of Europe, and where a certain amount of reservation is rising regarding the increasing use of conventional energies and the pollution and risks which they generate, an ambitious Community initiative would, according to Energie-Cités, be welcome.

Similarly as a growing number of consumers are progressively changing their opinion about purchasing green or ecological products (thus stimulating a fully expanding market), the favourable perception of the people regarding renewable energies will lead to an economic demand for them. It must be given the opportunity by reinforcing demonstrations, reliability and economic accessibility to products. Local

authorities can play an important role in this.

**5 - As for the problems to be resolved and the obstacles to be removed**, the Green Paper does away with all obstacles encountered in the development of renewable energies. Energie-Cités shares this analysis to a great extent. However, we would like to draw the Commission's attention to several points:

#### **5.1 - Cost considerations**

The price differential between the use of renewable energies and the use of conventional energies within a relatively low energy price context is damaging to renewable energies. Although the prices of fossil energies (of fuel origin) risk having a tendency to rise due to the fact of the world increase in the demand over the next few years, it is likely that liberalising energy systems (electricity and gas) will lead to a reduction in prices. Furthermore, this is one of the objectives sought by this policy.

The integration of external costs, for example by means of a differentiated tax on energies, into the cost of all energies simply assumes more importance. Energie-Cités is conscious of the fact that a measure such as this would be favourable for renewable energies and it is a claim which we are continuing to defend. However, the idea must not be distanced, whilst awaiting for its subsequent application, of significant support for renewable energies allowing them to compensate for the competition distortion to which they are often subject from conventional energies.

#### **5.2 - Factors which favour the use of renewable energies**

For Energie-Cités, the description of the obstacles should, in our opinion, be completed by a list of success factors. The following can be cited amongst these:

- an integrated approach to energy supply on a local level with an analysis of the local energy potentials,
- increased responsibility of local authorities in the energy domain in general,
- a good synergy between economic development and territory improvement matters on the one hand and the development of renewable energies on the other (Styrie in Austria for energy wood in relation to the silvicultural problems, North Portugal for hydroelectricity in relation to new communal resources, etc),
- the development of a culture, and therefore an education, pertaining to new energy supply concepts, and in which all decisional levels must be involved,
- etc.

#### **5.3 - The role of the local authorities**

As renewable energies are local by nature, it is obvious that their mobilisation will above all be a function of the local

initiative abilities with respect to the power of the large energy companies (with the exception of the large hydroelectricity infrastructures, for example).

For Energie-Cités, it seems essential to define an increased place and role for the local authorities in the energy system of the various Member States.

However, although the law provides practically all European municipalities with powers in the field of energy distribution, it must be recognised that the reality is very different to the theory. In some Member States, the municipalities have real power (Germany, Austria, Finland, Sweden, Denmark, the Netherlands) and their place is fully recognised as being the top level participant in energy policies. In other States, marked for a very long time by centralised energy systems, the power for initiative of the municipalities is much lower (France, United Kingdom, Belgium, Spain, Portugal, Greece). The result is that there is lower integration of renewable energies in the urban energy supply. Decentralising powers and its knock-on effect in the energy domain is therefore clearly a factor for success.

According to Energie-Cités, it is essential to plan local initiatives as a dynamic factor for developing renewable energies and not to present them (§ 5.2 of the Green Paper) as obstacles to their development. Whilst it is true that there may be oppositions to new renewable energy infrastructure projects, this should be solved by closely examining the relationship that the promoters of such projects have with the local authorities and the inhabitants.

## II - OBJECTIVES AND STRATEGY

### 6 - The future: a strategy for renewable energies

#### 6.1 - An ambitious project

Energie-Cités shares the objective for **doubling the proportion of renewable energies** in the energy balance of the EU between now and the year 2010, in order to reach 12%. However, it should be borne in mind that there is no way that this objective will be reached unless some prior conditions exist:

- the policy for energy consumption management must be reinforced in order to prevent it rising,
- renewable energies must be considered at all levels as being energies on the same scale as others as far as the energy supply is concerned (and not as "sub-energies").
- all parties involved must be mobilised:
  - . the European Union, the Member States, but also the Regions and the Municipalities,
  - . the companies (including energy companies), designers, users and also intermediate parties (development

- agencies, Chambers of Agriculture, etc.),
- the planned measures must be coherent with the objectives and proportionate to them.

#### 6.2 - Reinforcement of the co-operation between Member States

Energie-Cités upholds the point of view that the objectives can only be reached through total commitment by the Member States and it should be ensured that the national policies contribute to this as was recognised by the Council of Ministers in its resolution about the "White Paper". The European Commission used this idea from the Council's decision proposal which it adopted on 4 October 1996 and which defines eight areas of co-operation (including renewable energies) to be reinforced between the policy of the Union and that of the Member States. Energie-Cités does however regret that nowhere in this document is any mention made of the fact that energy management could be a common objective.

As far as subsidiarity is concerned, it is true that the local and regional level is very well suited to implementing renewable energy development policies. In our opinion, this implies:

- in addition to the actions involving the Member States, local and regional authorities are totally involved,
- the said Member States should systematically develop policies incorporating the local and regional level.

#### 6.3 - Reinforcing Community policies

Energie-Cités upholds the point of view that the Community policy must be reinforced and better co-ordinated.

This co-ordination must include several dimensions:

- between the energy policy, the energy efficiency policy and the renewable energy development policy,
- between the technological and non-technological renewable energy development policies,
- between the renewable energy development policy and the Commission's other policies, in particular: competition (with its "internal energy market" share), research and development, regional policies, agricultural and forestry policies, external relationships.

##### 6.3.1 - Renewable energy sources within the internal market

Energie-Cités shares the point of view whereby "the creation of an internal market will give rise to major changes in the operation of the energy markets".

The major changes to which it relates may involve: reinforcing competition on all levels; taking into account the "price" factor as being the practically unique criteria for choosing energies and

suppliers; the tendency for network energy prices to fall; less obviously taking of long term and environmental data into account; but also, a wider opening to independent producers (including from renewable energies) in countries or regions where a monopoly situation exists.

Given that one of the biggest obstacles to the development of renewable energies is the price difference with traditional energies (where prices do not always reflect all costs), there is therefore a real risk of seeing this difference widening to the detriment of renewable energies. The short term economic performance of renewable energies risks only being seen in areas away from large networks, where energy distribution costs are the highest.

On a local level, it is likely that a series of initiatives taken by the municipalities and municipal companies to stimulate the use of renewable energies risks being attenuated or removed if the criterion of the end price of energies were to become the only real decisive point when choosing local energy policies.

It is not obvious that implementing the draft I.R.P. Directive (Integrated Resources Planning) - given that it would be adopted one day - would be likely to significantly alter such a negative tendency. The example of the United States shows us that applying Directives such as these was effective for as long as monopoly situations existed but that systematically putting the electricity companies in a competition situation seriously affected the DSM (Demand Side Management) and renewable energies policies.

**Therefore, Energie-Cités cannot be satisfied with the following situation:**

- on the one hand a large tendency currently being implemented (the Internal Energy Market and more widely the liberalisation of energy systems) which contains the serious risk of limiting the use of renewable energies,
- and on the other hand, intellectually interesting outlooks (integration of external costs, I.R.P., CO2 tax, more tax on electricity, credit system for renewable energies, etc.) which have seemed to rebalance the situation but for which decisions about and especially the implementation of, are still very random.

### **6.3.2 - Specific financial support for the development of renewable energies**

As a function of the above, Energie-Cités considers that, if all possible new routes are to be explored, care recommends that, due to the lack of certainty about these future decisions and without precisely knowing the reality of their subsequent impact, **renewable energies should continue to receive** Community, national, regional and local **grants** to ensure their development, whilst complying with the rules of the Treaty.

From this point of view, and to maintain Community support, the following must not only be preserved but also reinforced:

- Research-Development-Demonstration,
- accompanying and promotion actions, on the one hand,
- and the synergies with the other sectorial policies of the European Union, on the other.

As for the accompanying actions, Energie-Cités considers that:

- the ALTENER programme has allowed the need for a specific renewable energy policy to be highlighted and some movement to be started in this direction,
- the budget allocated to it was however much too low to respond to the Community objectives,
- ALTENER II (which is the subject of a parallel consultation on which Energie-Cités will give an opinion) must be better provided for if the European Union really wants to show that renewable energies are an "energy for the future".

As for the aims of ALTENER II, Energie-Cités insists on the following points:

- whilst co-ordinated action with the Member States is essential, it must be completed by a specific section on local and regional levels, for example by using the networks of local and regional authorities,
- whilst it is necessary to continue to support the marketing of specific products (solar heat, biogas from waste, wood boilers, etc), it is essential to complete this approach by a section relating to urban and regional energy planning in terms of renewable energies (which allows transverse and integrated policies to be defined),
- access by local and regional authorities to the ALTENER II programme should be encouraged, which assumes there is direct information for these authorities.

### **6.3.3. - Research, development and demonstration**

Energie-Cités shares the points of view expressed by the Commission whereby:

- Research and Development projects relating to renewable energies must be strengthened and better co-ordinated and that these resources can be obtained by breaking down budgets into nuclear energy and non nuclear energy.

- it is the last phase of the technological development, being the introduction onto the market, which is the key to the development of renewable energies, which argues in the favour of specific effort for the Demonstration section.

However, Energie-Cités considers that a Demonstration policy must rely as much as possible on the participants in the market, amongst which figure the local authorities.

The Municipalities are one of the major key-participants for implementing such a policy since they distribute and often

produce energy, use it for their estate, are responsible for urbanism, for constructing and developing the urban territory and carry out information and encouragement policies with respect to their population. This approach should be taken into consideration within the scope of preparing for the 5th RDT Framework Programme and for the future JOULE-THERMIE programme. Furthermore, renewable energies in the urban environment should form an important area for reflection based around the "Town of the Future".

#### **6.3.4 - Regional (and local) policy**

Energie-Cités upholds the point of view expressed by the Commission whereby the Structural Funds must provide support for the development of renewable energies. This is the proof that renewable energies are energies to be taken into consideration along the same lines as the other and that they are one of the components of local and regional development and for creating jobs.

However, taking renewable energies into account when implementing the Structural Funds implies that skills in this domain exist on a local level as well as an ability to assess the development potentials and to define local and regional strategies aiming to develop them.

This is why Energie-Cités believes that:

- the policy supporting the creation of local and regional energy agencies (within the scope of SAVE II) is fundamental and must be reinforced,
- network exchanges between these agencies are very important in order to benefit from experiences and know-how,
- local and regional energy planning based around renewable energies (in conjunction with energy management) must be encouraged within the scope of ALTENER II.

#### **6.3.5 - Agricultural and forestry policy**

Energie-Cités considers that producing energy from forestry and agricultural resources constitutes one of the largest areas in terms of renewable energies and one of the most structuring in terms of economic and employment development, singularly at rural level.

The production of heat and electricity from forestry biomass is one of the routes to be promoted. This resource can, depending on the regions, come from:

- existing forestry plantations requiring silvicultural clearing and maintenance work, generating wood for which it is difficult to find outlets on the traditional markets; as a result, forestry maintenance is often lacking,
- energy crops, essentially in areas without forestry resources and having favourable lands.

A town - countryside complementarity might take the form of outlets for the energy requirements of towns located not far from forestry resources.

#### **6.3.6 - Actions in the external policy domain**

Energie-Cités shares the Commission's point of view whereby a very important market exists in the world for technologies linked to renewable energy resources, for a range of reasons given in the Green Paper (areas not connected to the networks, growth in energy demand, protection of the climate, etc.). These technologies are undoubtedly one of the examples of the new markets of the future. However, the share which the companies of the European Union might gain is directly linked to the importance which the renewable energies development policy has in the European Union. This gives rise to the need for an ambitious policy.

#### **6.4 - Evaluation and monitoring**

The question of evaluation and monitoring is essential and indispensable. However, it is made difficult by the very nature of some renewable energies, which are scattered, self-consumed and even appearing to be practically virtual as in the case of passive solar energy, which nonetheless constitutes a very important potential.

Energie-Cités is pleased with the efforts which were carried out from the statistical and demand point of view and hopes that these efforts will be continued and will encourage comparisons between the various countries.

In addition to the statistical information, more detailed monitoring is required which is more in line with the operational policies. For example, an observatory of operations and policies in the urban environment might be created and at the same time act as a support for a series of accompanying, distribution and promotion measures.

#### **7 - Action plan**

The implementation of an Action Plan, planned in the Green Paper, is a priority over the next few months if the intentions are to be turned into acts and means.

Energie-Cités considers that the report of the European Parliament (called the MOMBAUR report) forms an extremely important basis, since it is ambitious, voluntarist and based around a set of participants on all levels likely of becoming involved in a renewable energies development policy in the European Union.

Energie-Cités is prepared to provide its support for drawing up an Action Plan such as this. Specifically in relation to what the position of the local and regional authorities might be, we have presented below an extract from the report of the conclusions of the Sitgès Conference on 25, 26 and 27 November 1996:

#### **7.1 - "(...) The main roles which local and regional authorities can play in the**

**development of renewable energies are the following:**

**- A planning role**

Since they are responsible for managing a territory, its economic and social development and therefore for reusing indigenous resources and often the distribution and sometimes the production of energy, they are the undisputed actors in renewable energies planning.

**- A momentum role**

Since they provide the momentum for and accompany local initiatives, since they have to respond to the needs of the people, since they federate public and private partners, they must act as a catalyst around a political desire for the local actors who are potentially not involved in developing renewable energies.

**- An information and education role**

Since they are close to the population, since they maintain a special dialogue with the people and the organisations which represent them, they have a role to inform, convince and show the interest of renewable energies for lasting development and the local economy.

**- A setting up and carrying out of projects role**

Since they are used to setting up and carrying out projects, including financing terms, of monitoring them and maintaining them in working order, either directly in their estate or with other partners, they are a precious tool for successful operations suited to the local circumstances.

It is a reality to note that, amongst the existing renewable energies operations as well as the initiatives aiming to develop them, local and regional authorities have played and continue to play a major role. The interest for their development will increase, especially within the scope of the local Agenda 21 projects and other initiatives aiming to reduce energy consumption and CO2 emissions.

However, it is also a reality to say that many local and regional authorities have to date still not done anything in a significant manner. It is not enough to have a role to play objectively to accomplish it effectively in reality. Especially since the dual effect of the reduction in public spending and their new obligations, including having to comply with the environmental regulations (water, drainage, waste, air quality, etc) often leads local and regional authorities to refocus themselves around their field of competences only.

**7.2 - Local and regional authorities need to see**

**their role better recognised and reinforced**

Since the development of renewable energies requires a greater involvement by local and regional authorities, it can be considered that one of the barriers to their significant development lies in the still imperfect ability to mobilise them. Recognising their role better and seeking

to reinforce it must not necessarily be done to the detriment of the other levels and especially the policies of the Member States. Therefore, reasoning should be in the form of complementarity and not opposition (...)

**- The policies implemented in the Member States are essential**

(...) The national level is especially important in order to:

- fix the general and legislative frameworks,
- develop encouraging policies,
- stimulate local and regional initiatives.

**- Good marketing of renewable energies invites actions which are more targeted at local and regional authorities:**

- to encourage them to act,
- to promote local and regional renewable energies planning,
- so that they can set up local and regional energy agencies (for example, with the support of the SAVE II programme),
- to reinforce a "bottom-up" approach which is completely suited to the development of renewable energies.

**- This consists of a medium and long term action** to be planned at the same time as that which consists of reinforcing the role of the local and regional authorities in energy management policies or more widely in the energy policies as participants in an energy market which is being transformed under the effect of liberalisation.

This action involves a co-ordinated operation, coming within the timescale and in close relationship with the European Commission of the local, regional and insular regions operating within the energy domain.

### 7.3 - Recommendations

(...) The ALTENER programme (...) is an encouragement and great stimulation for action and for integrating the development of renewable energies as a component within the local energy policy. It is the role of a programme such as this to focus itself on the participants.

Four main proposals for the future result:

**- Continue and increase the support for local and regional Energy Planning** by stressing several points:

- local and regional authorities must actually be involved in the planning studies otherwise the exercise runs the risk of not be followed by real actions,

· a partnership should be introduced between the various operators: local and regional authority, market participants, consultants, etc,

· an integration must be sought within the other local energy and non energy policies (economic and social development, etc); renewable energies must not seem to be outside daily concerns but an integral part of them (see also the report of session 2 "information and training" on this same subject)

**- Distribute quality information targeted at the local participants**

There is a large amount of information but a marketing policy deals with sifted information to be sent to local decision makers, not considering these to be partisan to renewable energies.

The information must:

- seek to convince
- use the most suitable information distribution channels, including site visits and meetings with managers of successful projects who are the best conviction vectors (...)

**- Develop exchanges of experiences and know-how**

- on a local level, between all political and technical participants with a role to play,
- on a national level, between the various levels involved and with other authorities,
- on a European level, through exchanges between the authorities of the various countries, which is an essential ingredient for supporting projects, the more experienced authorities providing experience for the less experienced.

**- Increase accessibility to Altener (and other programmes) for local and regional authorities**

It is essential to reduce the distance which still separates the Altener programme from local and regional authorities and to do this they must be allowed to be informed more directly and be invited to express themselves on the routes and the action proposals.

To advance in this direction, the decision makers of the Altener programme would like the networks of local authorities (Energie-Cités), regional authorities (Fedarene) and insular authorities (Islenet) to take part in the analysis and considerations for the future. These networks have stated that they are ready to play a role of this type from now on.

# WHITE PAPER

# W Proposal for an Action Plan

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First of all, Energie-Cités wishes to stress three key points:

## **- Renewable Energies and Energy Management**

If renewable energies are to obtain a 12% share in the European Union's energy balance, the management of energy consumption will have to be improved in order to limit the development of this consumption, or even to halt or reduce it.

**The European Union must simultaneously carry out a renewable energy development policy and an active energy consumption management policy, with equally ambitious energy saving objectives, if possible within the framework of an Action Plan combining both these elements of an innovative energy policy.**

## **- Deregulation and Renewable Energy Sources**

The development of Renewable Energy Sources is part of a long-term policy. While the present process of deregulation opens up new opportunities, it also carries a risk of players on the energy market taking decisions that favour short-term needs. Consequently,

**The European Union must ensure that deregulation of the energy markets does not become a barrier to the development of Renewable Energy Sources and at the same time should introduce the most appropriate positive compensatory measures if need be.**

## **- Implementation deadlines for the Action Plan**

The measures recommended below, and those included in the European Union Action Plan, should be implemented as soon as possible. The current pace of deregulation (of both energy and utilities in general) is in fact changing the rules of the game considerably. Consequently, this means that

**The European Union must ensure that the political, legislative and tax measures relating to Renewable Energy Sources are introduced as quickly as possible, failing which they risk going unheeded. This means that deadlines should be set for each of the proposed measures.**

## **I - POLITICAL ACTION**

**1a. Set quantified targets for renewable energy sources (RES)** and encourage member states to set their own targets for the years 2010, 2020. Set deadlines for these targets to be reached.

**1b. Set separate quantified targets for specific RES** (biomass, wind, solar, PV, etc.). Set deadlines for these targets to be reached.

**1c. Set the above targets into the wider context** of international commitments arising from the Rio Earth Summit/Local Agenda 21, etc. and encourage member states to do likewise

**1d. Relate the above targets to other measures for reducing overall energy use, so that RES' share of supply** increases more rapidly. Relate the phasing in of RES to the phasing out/or down of other sources of supply.

**1e. Set goals for increasing the size and scope of the RES industry** in its widest sense (manufacturing, operation, consultancy, etc.) as a growing sector of the economy with a focus on exports as well as the EU market.

**1f. Relate RES development to other measures** such as physical and spatial planning, transport planning and agriculture policy and in this way, use the support of the European Union Structural Funds.

## **II - LEGAL AND ADMINISTRATIVE MEASURES**

Follow through the above political targets into enabling legislative measures such as :

**2a. A requirement to prepare** (with the citizens and local players) **regional and city energy plans** which include provision for RES in the context of energy saving and CO2 reduction. These plans to show how the region/city would make its contribution to meeting EU/National goals.

**2b. A clear regulatory preference** in favour of energy produced from RES (most favoured fuels status, or presumption in favour of the use of RES).

**2c. Set specific topics to incorporate an increasing share of RES** in electricity, and also in heating and gas (with biogas) supply,

**2d. Specific new powers to local authorities** on matters such as passive solar design, which could become a normal requirement in the building control/planning regulations.

### III - FINANCIAL AND FISCAL MEASURES

Follow through the above political targets into the following financial measures :

**3a. A package of fiscal measures which internalise the external costs of energy use.**

- in a punitive form : taxation on the most polluting and responsible for green house effect fuels (with partial allocation of the tax revenue to promote Renewable Energy Sources at local and regional level).

- in an incentive form : direct subsidy for yet uneconomic sources (e.g. PV).

**3b. Tax breaks for RES industries**

The EU must encourage Member States to introduce tax incentives to promote the development of RES industries.

**3c. Incentives to use third party financing** and the drawing up of an associated statutory framework.

*The package has to be progressive-phased in over a number of years to avoid price shocks and to give a clear long term message to consumers which will guide their investment and locational plans.*

### IV - TECHNOLOGICAL MEASURES

Continued and increased support from the European Union for :

**4a. Research & Development** programme

**4b. Demonstration and feasibility** studies

**4c. Initial phases** of product development

### V - INFORMATION, AWARENESS AND TRAINING

These measures follow from action covered above, and could include:

**5a. Increasing awareness and acceptance of RES** amongst **funding institutions** and financial consultants.

**5b. Increasing information and awareness to the General Public**, including in the schools

**5c. Assistance for training** in manufacturing and installation, particularly for **SMEs**

**5d. Assistance for training in environmental** appraisal of renewable projects

and particularly for the municipal level :

**5e. Strengthening the capacities of municipalities** (for example, through the creation of local energy agencies)

**5f. Improving the dissemination of information** (including community programmes) directly to the municipalities through adequate networks

**5g. Development of exchange of experience** between European local authorities, local utilities and agencies

# ALTENER II



## Opinion

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Energie-Cités has examined the Council Decision' proposal relating to ALTENER II and presents its opinion below.

1 - Relating to the introductory part of the document as well as the reasoning which supports the need for a community programme, Energie-Cités returns to its opinion on the Green Paper which details all points relating to: the opportunity for a programme such as this, the environment, supply safety, competitiveness, regional development and employment.

Energie-Cités nevertheless recalls its desire:

- to see renewable energies given support in proportion with the ambitions forwarded in the Green Paper, without which this would risk losing its credibility;
- to develop more integrated approaches, linking the development of renewable energies and energy efficiency, and beyond matters of local development;
- to ensure that specific measures are taken allowing renewable energies to develop within the scope of a liberalised market;
- to include towns as very important areas for using renewable energies, especially for heating needs (biomass, waste, solar), since most of the energy needs are located in the urban environment.

Consequently, Energie-Cités supports the principle not only to continue but to increase and expand the action in the direction of the development of renewable energies within the scope of a specific programme.

2 - Relating to the structure of the ALTENER II programme

2.1. - Energie-Cités notes with satisfaction:

- the recognition of the role of local authorities as both essential participants in the development of renewable energies and as a target group for the Community action to be carried out,
- the recognised need for better distribution of information to local authorities " using suitable networks".

Consequently, Energie-Cités is declaring itself ready to play its role in this perspective.

2.2 - Energie-Cités supports the proposals to extend the ALTENER I actions described in the document. Energie-Cités in particular wants to underline:

- the complementarity required between the actions undertaken by the various decision making levels, from local level up to Community level passing through a national level, especially in relation to legislation, harmonisation and standardisation, which are areas in which a tax incentive framework would probably have to be added,
- the importance of local and regional planning which must allow local renewable energy potentials and the political, technical and economic means for mobilising them to be examined in depth.
- the fundamental role of the financial instruments (and other support devices) without which, there would be no significant development of renewable energies,
- the need to open up the field of information networks required to play a role in distribution to public targets, especially for local authorities who were all too often kept at a distance during ALTENER I.

2.3. - Energie-Cités supports the proposal for "a new action aiming to promote the penetration of renewable energies". It is effectively essential to:

- take into account the whole decision making chain required for locating installations, from awareness actions to investment and maintenance,
- depend on the decision makers who are the only ones able to take measures to use renewable energies.

On this subject, Energie-Cités suggests that:

- an association between experienced participants and new, less experienced project operators be sought. This would allow better success guarantees to be given to new projects.
- exchanges of experiences should explicitly appear as a means of action within the same scope as others (information, accompanying pilot projects, etc).

2.4. - Energie-Cités support the Commission's proposal relating to "new actions for implementing, monitoring and managing the Community strategy".

Regarding the monitoring aspect, Energie-Cités recommends that:

- it is carried out as close as possible to the final participants who are the target groups. It effectively seems to us that measuring the impact is most relevant at this level in order to evaluate the implemented policy properly.
- the "municipalities" target group be given specific attention allowing the

actual role that they play and the change in this to be measured.

3 - As for the budgetary aspects, and in the knowledge that other Community programmes also provide support for renewable energies, Energie-Cités considers that:

- the proposed amount (30 MECU for two years) is not suited to the objectives fixed by both the Green Book and this draft Council Decision. This sum must support overall actions (legislation, standardisation etc) of pilot and information projects and new actions in order to provide services for the promoters of renewable energies as well as managing and monitoring the implemented policy,
- pilot projects, which fully involve on-site participants, will have to be limited in number, which contradicts the objective sought after,
- an amount such as this can only cast doubts on the credibility of the Action Plan currently being prepared, which should normally result in, in terms of means, the objective of 12% renewable energies in 2010,
- this budget unfortunately risks promoting a marginal image of renewable energies which however must be considered urgently along the same lines as other energies, as recognised in the Green Book where they are qualified as "energies of the future".

**In conclusion,**

- Energie-Cités positively appreciates the European Commission proposal relative to ALTENER II, from the point of view of the foundation and its global approach, its objectives and the place of the local and regional authorities, and the presented means of action,

- Energie-Cités asks itself the question about the credibility of ALTENER II : indeed, when we are comparing in one hand :

- the objectives of the current ALTENER II programme,
  - the ambitions described by the Green Paper,
  - the objectives for defining an Action Plan in the framework of the future White Paper,
- and in another hand ,
- the proposed ALTENER II programme budget
- we can not miss to find out a contradiction.

As both documents are at the discussion stage, it is essential, in one way or another, to make them compatible.

**Proportion of primary energy supplied by renewable energy sources and  
Production of renewable energy per inhabitant  
in the countries of the European Union**

