



Public consultation Intelligent Energy – Europe II

Contribution of Energie-Cités
10 September 2006

The second “Intelligent Energy – Europe” Programme 2007-2013 (IEE-II) will form part of the new Framework Programme for Competitiveness and Innovation (CIP). The European Commission services have started recently preparing the first annual work programme for IEE II, which will determine the overall objectives, priority areas for funding, types of projects, budgets, application and management procedures etc. Three fields of IEE-I (2003-2006), namely SAVE (energy efficiency in buildings and industry), ALTENER (new and renewable energy sources) and STEER (energy aspect in transport), will continue in IEE-II. While preparing the work programme, the Commission services invite for contributions and ask for feedback on the ongoing IEE programme 2003-2006, on the basis of the questions indicated below. Your comments and suggestions are very welcome. Please submit them before 10 September. The following set of questions is meant to guide your contribution. Feel free to answer only one or a selection of questions.

Information on the contributing organisation

Name: **Energie-Cités**

Organisation: **Association of European local authorities promoting a local sustainable energy policy**

Country: **Europe**

Project types and themes - General

In your view, which type of projects should be continued in IEE-II?

Projects to be continued & prioritised

Projects promoting “long term processes” i.e. removing obstacles at a large scale and/or replicating successful processes and practices in all Members States must be prioritised due to the importance of their leverage effect. One should note that social behaviour requires more time than technological changes and, for that reason, promotion and dissemination activities are necessary.

“Isolated/remote projects” having weak influence at a large scale should be avoided, unless they contribute to the strengthening of human capacities (see below)

Supporting projects strengthening the human capacities (individual such as the creation of energy agencies and collective such as the creation of networks promoting an intelligent use of energy) and empowering society to transform good ideas into practical implementation is a crucial issue.

The priority should be given to projects gathering the following two conditions:

- involving local authorities and/or energy agencies as co-beneficiaries,
- requiring an implementation at local level (real and concrete activities carried out) with a large replication effect.

Furthermore, the global budget allocated to “Type 3 - Events” proposals should be increased within EIE II, with less bureaucratic procedures.

Priority should be given to bodies pursuing activities of general interest rather than short run oriented private business companies.

In your view, which topics should be continued in IEE-II?

Broadly speaking, the objectives and priorities stated for the EIE I programme are still appropriate for the EIE II programme. Certainly, energy efficiency, new and renewable energy, clean and energy efficient transport will still be appropriate and the topics related to these three fields should be continued. The support for the creation of

local and regional energy management agencies and for the operation of national associations of energy agencies should be continued and reinforced, but in a renewed context.

Which relevant themes were missing in IEE-I and should also be included in IEE-II?

Better balance the EIE II budget between key actions in aid of HKA

In principle, no particular themes were missing in EIE I. But when talking about collective capacities, such as networking activities, especially at national level (with a EU vision), it was not really clear which kind of support was available: HKA1? But only focused on SEC. HKA2? Except for local and regional agencies the work programme was not clear and some potential applicants have ignored the possibility to submit applications under this key action.

We absolutely need a "local action" more flexible and more open to innovative activities (see below), taking into account that local authorities are at the cross road of day-to-day decisions that dramatically influence energy consumption.

In addition, the budget allocated to Horizontal Key Actions should be increased to rebalance the means with vertical / thematic actions which are usually not developing interlinked partnerships.

Project types and themes - Specific

For small and medium sized companies (SMEs), which actions should be part of IEE-II in order to increase energy efficiency, the use of renewable energies, and competitiveness?

In which (thematic) areas do you think European support for local actions/local actors (municipal, province or regional level) to promote energy efficiency and renewable energy sources is most needed?

Focus on Building and Transport

Sustainable energy use in Buildings and sustainable energy use in Transport are in our opinion the two (thematic) areas where European support for local actions/local actors is most needed.

Through which type of actions could IEE-II stimulate renewables and energy efficiency markets in general, and energy saving by private users (homes, transport) in particular?

Privilege radical initiatives & give more priority to territorial/community activities

It is crucial to pay more attention to radical initiatives, anticipated visions on the future because it is the only way to implement faster and more intensively indispensable measures (the EIE II 7 year work programme cannot be limited only to the EU decisions that have been taken some years ago; the urgency requests a wide dispersal of successful activities).

In addition, EIE II could stimulate through the support of:

- actions promoting the exchange of experience, know-how transfer and the replication of good practices / successful processes (networking activities),
- training activities aimed at strengthening the human capacities and empowering society to transform good ideas into practical implementation,
- awareness raising activities/initiatives targeted at the public at large/citizens (awareness raising Campaigns – Energy Days/Weeks).

With which actors could IEE-II stimulate renewables and energy efficiency markets in general, and energy saving by private users (homes, transport) in particular?

Local authorities are at the most suitable level for the implementation of sustainable energy policies

As they are close to the citizens, as they are in a good position to gather around the same table the energy actors/stakeholders (public, private and associative), as they can work closely with them and act as catalyst in a territory, local authorities and energy agencies are the most relevant actors to work within the framework of EIE II.

How could IEE-II have a greater impact on the use of bio-energy?

EIE II could have a greater impact on the use of bio-energy by promoting local sustainable energy production via pilot projects.

Your participation in the IEE programme

In your view, how easy is it to participate actively in the IEE programme (development and sending of proposals, evaluation, contract negotiation, implementing your project, payments, etc.) (optional)

ACCEPTABLE

If you ticked acceptable or too difficult, which barriers prevented you from participating in the IEE programme, or made it difficult for you to take part?

Energie-Cités relay the thoughts of many applicants / potential applicants from the local level

Energie-Cités is not only the advocate of its own body, but also of many municipalities, energy agencies or other bodies. Indeed, everybody should be aware that some of them have not the time to answer whilst others have already resigned in preparing applications due to some obstacles (see below) and will probably not answer the public consultation on EIE II.

Considering that we are a strong partner of the Commission and the Agency, we have prepared collectively this answer, hoping that our contribution will be helpful to improve the management – in a broad sense - of IEE supported projects.

Beyond these aspects, we should not forget the image of the Commission and the Agency – and further the one of the EU, from the point of view of people working on the ground. Energie-Cités is aware that the use of public money has to be controlled to avoid fraud as well as the circumstances which have pushed the Commission to become stricter. However, we consider that the measures currently in place are too numerous and discourage potential bodies to apply.

We also understood that a “clearing” of the management process of projects under the umbrella of the ex-DG17 when merging in the DG TREN was necessary some years ago. But, from this time, all applicants have suffered increasing bureaucracy, inflation of requested documents, retro-active changes of rules, absence of flexibility, etc. When asking an Officer during this period, the answer was usually of this type: *“Please note that the information I am providing you will not necessarily be valid the following week!”*

Through the creation of the Agency, more flexibility was expected. It is true that the knowledge of projects by the Agency Officers is now better due to the time that can be allocated thanks to the new staff. That’s good but under certain conditions, especially if the attention of Agency Officers is not only focused on some little details but more on the content and implementation process of the project, which project should itself influence an increasing collective process at the EU level (and not to be its own end).

“Project logic” versus “Process logic”

From our own experience, we can say that all our activities are of general interest, looking for the best ways to progressively transform the behaviour of local actors. As a network, we have proved until now that our main goals are:

- to improve - in the long run - the local capacities (individual and collective),
- to innovate in finding more appropriate ways to change behaviours,
- to encourage and favour the implementation of EU directives,
- to prepare the ground for new initiatives,
- to promote good practice & the exchange of experience.

In general, all these activities have been achieved thanks to the EU support. Without this support, no activities would have been implemented at this scale. In other words, we are increasingly building a process in analysing the current situation, in listening to local actors, in searching to remove barriers and obstacles. The members of our network pay for that in co-financing through their membership fees a large part of the projects Energie-Cités are implementing. As a consequence, any new application must be focussed on a new step of such a strategy. In doing so, we are accompanying the EU strategy and we ensure a continuity of all projects after their end (what is our evident interest). The Commission globally appreciates that, if we may believe the discussions, feed-backs, and the presence of Commission representatives at all our major events.

However, we are regularly reading comments made on applications (e.g. the ones from the evaluators and/or the Project Officers) that “this project” or “this part of the project” cannot be supported because it is the strategy of Energie-Cités and the Commission - the Agency – does not support the strategy of a single body.

Does the Agency prefer a single project having its starting and ending points, without any leverage effect at a large scale, for the unique reason it would be easier to manage from an administrative point of view? Or does the Commission-Agency - prefer to support long term processes, removing obstacles at a large scale? Is it an obstacle or an asset to know partners before submitting the proposal?

Such an issue was already addressed – remained without answer – in the context of a project in which we are currently involved (see below).

Finally, we would like to ask you two questions we consider of utmost importance regarding the way to develop the project and the relationship that should be established between the Project Officer at the IEEA and the Beneficiary:

1. Do we have to implement the project only in an administrative, technical and financial way (i.e. traditional management of a project with a start and an end and nothing else other than the promise to continue the maintenance of the project website for some months) or do you consider it is essential to integrate it within a more political, strategic and sustainable dimension? In other words, implementing the project as part of a long term process i.e. beyond the project lifespan, so as to contribute to the achievement of the EU objectives in the field of sustainable energy?

2. A relation of trust between contractors (i.e. the IEEA and Energie-Cités) contributes to more innovative and productive achievements of any project. We fully understand that regulation and control from your side is normal and every suggestion is also very welcome. However, the way to do it may reveal different attitudes. In our opinion, it is our common interest to avoid a situation where the Beneficiary has regularly to prove he is not at fault, as a lot of time can be spent doing this instead of effectively implementing the project. What are your views on this?

Indeed, all our activities are of general interest, looking for the best ways to progressively transform the behaviour of local actors. Our members pay through their fees a large part for these activities. We would like to know if our policy to work in accordance with certain priorities of the European Commission (e.g. promoting Sustainable Energy Communities throughout Europe) is an asset for our common goals or a disadvantage. Keeping in mind that this policy has been developed for many years and approved by our General Assembly.

Through these remarks, we also relay the thoughts of many IEE applicants, especially from the local level”

A relation of trust - and confidence - between the Agency and the Beneficiary should be established

A relation of trust between the Agency and the Beneficiary contributes to more innovative and productive achievements of any project. We fully understand that regulation and control from the side of the Agency is normal and every suggestion is also very welcome to improve the preparation and management of projects. However, the way to do it may reveal different attitudes. In our opinion, it is our common interest to avoid a situation where the Beneficiary has regularly to prove he is not at fault. Our feeling is to be considered at first as “defrauders” rather than trustable partners. Applicants are suffering of such a situation (and we know that some Agency Officers too). We could attach in annex some examples of answers we have already made to the Agency after receiving the impressive list of negotiation points (before signing the Grant Agreement) or remarks/questions related to an interim or a final report. Rather than writing long series of bullets points without any direct dialogue, obliging the Beneficiary to prepare long answers and send them to the black box in waiting for the final decision accompanying the payment, we think that meetings between the Agency and the Beneficiary (or the steering committee e.g. to understand and feel much better the context) would be better to establish a relation of trust and solve potential misunderstandings.

Simplified administrative rules and procedures during the project preparation and implementation

Administrative rules and procedures are very time consuming. When preparing proposals, it is regularly said that the “management and coordination costs are too high” and in the end, the result is that they have been underestimated in particular due to the requests and remarks made by the Agency and also to monitor the partnership (essentially in large consortia) to be on time with a high quality of implementation. As a counterpart, time used for administrative issues cannot be used for implementation. We suggest a re-balancing in favour of activities dedicated to project implementation. Moreover, we propose that known applicants are asked to provide less/simplified information (especially administrative information).

The question of the setting up of performance indicators when mounting proposals

To monitor much better the projects, we need to define a lot of indicators. In some ways, that's good for the applicants who have the obligation to design their projects in quantifying when possible the expected results and impacts. However:

- should these indicators (number of participants, number of copies per language, etc.) be considered as mandatory and non flexible, even if during the 3 years of implementation of a project, some new ideas emerge, and some previous are considered as not relevant any more?
- what is the meaning of quantifying energy and CO₂ savings when preparing a "soft" application (all projects under IEE) although nobody is able to prove something seriously. Quantifying the consumption of the domain in which the project will be implemented, OK; an estimated potential of energy savings, OK, but who is able to quantify tons of CO₂ when the main focus is to transform non-active local authorities/elected people/civil servants/citizens into active ones? Must we announce fanciful (or even invented) figures to fill in the table and avoid a low rating during the evaluation?

Less/simplified information to provide for "Type 3 – Events" proposals

A lot of information (administrative, technical and financial) is requested by the Commission-Agency when preparing proposals. This is not only the privilege of large projects as even "Type 3 - Events" proposals require a similar level of details for a very limited budget. In addition, dates for signing the Grant Agreements are generally not respected: it is mentioned that the event cannot occur between the period of 8 months after the deadline (that is very long, for unknown reasons), but the contract itself takes some more months to be signed, despite the fact that the preparation of the event is usually the most time consuming part of a project. As a result, we negotiate the content and after that the delay is so important (3 months after negotiations) that a part of the working time for preparing the event becomes non eligible costs. This example shows also the fact that from the Beneficiary side, all deadlines have to be met very precisely, but from the Commission-Agency side, no contractual obligation before the signature of the Grant Agreement is requested. For sure such examples give a very bad image of the EU institutions. We suggest that less/simplified information is requested for "Type 3 – Events" proposals, as new EU rules have been decided to adjust bureaucracy with the amount of the grants.

The necessity to provide a bank guarantee should be further examined

Some years ago, a bank guarantee system was set up. Why? Where is the risk? In the chain of actors, from the Commission-Agency to the end users/beneficiaries, who is the weakest? Who is the strongest? Who is the most risky? We may understand that for a service to provide to the Commission (100% support), the "client" has to be protected from possible failures. But for grants, where is the problem, especially in the new context of long negotiation procedures? Could we be informed about the problems encountered by the Commission-Agency with Beneficiaries having received an advance payment / pre-financing, having not implemented the project, and, in the end, having not paid back the Commission-Agency? The number of cases is probably very small. Thus, why penalise all applicants who have to "feed" banks which become beneficiaries although not being partners?

Working time for negotiating project proposals should become eligible

The negotiation phase is generally long, complex and time consuming. A lot of exchanges of information (administrative, technical and financial) need to be made before the signature of the Grant Agreement (especially when the project consortium is large). We propose that the working time necessary for negotiating project proposals becomes eligible from the date when the Beneficiary receives the letter from the Commission-Agency informing him that the negotiation phase is starting. We could attach in annex some examples of answers we have already made to the Commission-Agency after receiving the so impressive list of negotiation points.

If you ticked acceptable or too difficult, which services should the Commission/IEEA offer or improve to help you participate in the programme in the future?

Harmonisation of the documents and forms to be used for applying

The documents to be used for preparing the proposal are not always the same as the ones to be used for negotiating the proposal. Consequently, the information has generally to be presented in another way/format which means a loss of time. We suggest an harmonisation of the documents and forms during the whole application process (preparation, negotiation and as far as possible implementation phase – templates to be used for preparing the progress, interim and final reports should be in line with the content of the Grant Agreement technical and financial annexes).

Pay more attention to the cluster process of energy agency proposals

The cluster process (e.g. 2 energy agencies from one consortium married with 2 energy agencies from another consortium) during the negotiation phase is not always relevant. Sometimes, different types of local authorities – being by nature in different contexts and having different visions and approaches - are put together e.g. regional energy agencies clustered with municipal energy agencies. Moreover this cluster process is really time-consuming as it is necessary to write again certain parts of the proposal incl. the European co-operation element. Consequently, we recommend paying more attention to the cluster process of energy agency proposals.

Pay more attention to the specificities of applicants from NMS-CC

Applicants from NMS-CC face specific obstacles/barriers when joining / submitting proposals (financial obstacles; cultural barriers). Consequently, the specificities of applicants from these countries should be further looked at within IEE II. It is why we had written a letter to Alfonso Gonzalez-Finat saying that:

“We have been alerted by numerous non-profit organisations (local energy agencies, town associations, NGOs, etc.) acting from philanthropic principles of the difficulty of finding 50% part-financing to meet the requirements of the EIE programme.

For a large number of organisations of that type, the difficulty is such that they abandon submitting proposals or associating themselves with projects led by others.

The difficulty is general but it is still more difficult for partners from New Member States and Candidate States. However, the motivation for many of them is significant and it represents a potential of change that is hard to imagine. Being aware of the importance of the human factor and of « cultural » aspects in smart energy policies, it is easier on the ground to gauge the significance of such players.

While structural funds generally contribute 75% of part-financing, the 50% ceiling for EIE projects is a real obstacle.

That obstacle of its very nature will weaken the impact of the EIE programme within its future framework covering the period 2007-2013. It would indeed be a great concern if the announced budget increase were not to produce the expected results, due to a lack of good quality projects in sufficient number. There is always a risk of backing projects that are not necessarily well rated or not very well rated while others, certainly better, would not even benefit from a proposal for consideration for fear of being unable to raise the required part-financing.”

In his answer, Alfonso Gonzalez-Finat admitted that obstacles exist, mentioning especially financial and administrative barriers.

Participation rules

In your view, are there actions for which a maximum funding rate of 50% is not appropriate?

Activities of general interest should benefit from a funding rate of at least 75%

Modulating the funding rate in function of the type of projects would be important. Indeed, if some of them can provide with easier co-financing (e.g. local energy management agencies, business oriented activities), some others need a funding rate which takes into account some specificities e.g. networking, training, information-dissemination, radical changes & visions, etc. It cannot be expected that activities of general interest, having a clear non-profit goal would be in a situation to pay 50% of the encountered costs. Energie-Cités has already asked a position from the Commission on this issue (letter to Alfonso Gonzalez-Finat, 21.02.06) and received an answer showing this situation could evolve (14.03.06).

Consequently, activities of general interest should be supported at a higher rate (at least 75%). This is typically the case of:

- networking activities (exchange of good practices and know-how transfer),
- innovative and radical initiatives,
- project coordination activities,
- training activities,
- promotion and dissemination of information (incl. publication of documents).

To illustrate, it is not normal that under the STEER VKA10 – “Strengthening the knowledge of local energy management agencies in the transport field”, bodies agreeing to provide training have to co-finance 50% of such activities, which is extremely difficult. Where the Commission-Agency has a defined objective, then it should

consider an alternative solution, where it defines the work programme and invites applicants for the delivery of the programme.

Furthermore, projects with special focus on New Member States – Candidate Countries and/or involving New Member States – Candidate Countries co-beneficiaries should also be supported at a higher rate (at least 75%) as they face specific obstacles/barriers (e.g. finding a 50% co-financing is generally more tricky in these countries; cultural changes need some delay to become effective). Except two regions, all New Member States can receive 75% support from Structural Funds.

Communication on the IEE programme

How would you judge the information provided to you on the IEE programme?

ACCEPTABLE

Rather good in terms of meetings and content, but should be improved.

If you ticked acceptable or insufficient, what are the weak points?

Clarify the number of possible supported projects within each call for proposals

Generally speaking, a lot has been done to inform/communicate on the IEE programme. Nevertheless, a clarification in the official documents and/or at the occasion of the European & national information days of the number of projects to be **actually** supported within each call for proposals and of the expected size of the projects (incl. average budget, average number of partners, etc.) would be necessary.

If you ticked acceptable or insufficient, what can be done to improve information/communication on the programme?

Possible improvements:

- Make the most important documents (global work programme, annual work programme, guide for applicants, etc.) available in different languages.
- Information about potential obstacles and constraints to avoid disillusion of potential applicants when coming back from the information days.

New instrument “market replication projects”

The IEE-II foresees a new instrument, the so-called “market replication projects”, to replicate techniques, processes, products or practices already demonstrated successfully somewhere in the EU but not yet taken up in all Member States. For these “market replication projects,” a share of the investment costs will be co-financed.

In which sectors do you think this instrument would be the most useful and why?

This instrument would be the most useful in the building sector especially municipal buildings and equipment in this sector:

- represents a high potential of energy savings,
- is less complicated to address compared to the transport sector which will represent the greatest challenge in the near future.

In which countries do you think this instrument would be the most useful and why?

This instrument would be the most useful in New Member States – Candidate Countries for historical, cultural and financial reasons (cultural changes take more time in these countries due to history; financial issues are trickier in these countries).