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EU Commissioner for Energy

## **How the EU can support local and urban initiatives to address climate change**

Check Against Delivery  
Seul le texte prononcé fait foi  
Es gilt das gesprochene Wort

Speech of Commissioner Oettinger at CEPS conference

**Brussels, 2 March 2011**

Ladies and Gentlemen, President Bresso,

First of all let me thank the organisers – CEPS, the Covenant of Mayors, Forum Europe, as well as the host – the Committee of the Regions - for taking a joint initiative to organise this Conference. It clearly shows that the theme of today's conference is timely and important and requires involvement of all actors.

In that context local and regional authorities play an important role in tackling global problems. They know their constituents, they know their regions intimately. They are the people best placed to propose effective, realistic solutions and vigorously implement them. That is why the Commission supported the launch of the Covenant of Mayors back in 2009. Over the last year, I have watched the Covenant growing to over 2200 signatories at present, representing more than 130 million people. By devising and implementing Sustainable Energy Action Plans in our cities and regions, the Covenant cities have resolved to tackle climate change, without any direct financial support.

At the same time urban renewal is one of the most promising ways to promote economic recovery and job creation. Smart resource efficient buildings, smart and sustainable mobility, transport and logistics – indeed, the whole concept of smart cities and smart communities – involve job-intensive activities that contribute directly to reviving the economy.

The Commission, while recognising the vital role that cities, communities and regions can play, is committed both on policy level as well as through its financial support programmes to facilitate the transformation to a resource efficient and low carbon future. I want to mention three fronts on which the Commission is working and which in my opinion are crucial:

**Energy Efficiency Plan.** The College will adopt the Plan on 8 March. The Energy Strategy adopted in November 2010 already set the rough framework for its content. We have refined it further, also to reflect contributions from various stakeholders including the Parliament and the European Council Conclusions of 4 February.

The Plan focuses on proposing stringent measures without binding targets as a leading principle. This means, that we will first closely monitor the progress made with the implementation of the national energy efficiency targets defined under the Europe 2020 framework. Should the review at the end of 2013 show that our European target of saving 20% primary energy compared to projections is unlikely to be achieved, I will propose to introduce legally binding national energy saving targets.

In terms of measures, a strong emphasis will be put on the buildings sector, notably on improving the energy performance level in the public building stock. This process should be supported by a more systematic use of energy performance contracting as well as through a target on the public sector to refurbish a minimum amount of buildings each year. The renovation process of the entire building stock will also be triggered and accelerated through appropriate financial support, appropriate training measures and by addressing the ownership-tenant dilemma. Energy efficient appliances used in buildings and energy efficient building systems such as heating systems will be further promoted.

The new Plan will also reinforce the leading role of the public sector in energy efficiency by introducing energy efficiency criteria in public spending. It will look at energy saving for customers by their energy suppliers, the promotion of efficient generation of electricity and heat, new ecodesign requirements for industrial products such as motors, and the regular use of energy audits for large companies. Increased energy efficiency in transport and looking into ways to empower the consumer with new technologies such as the smart grid will also be covered.

A first opportunity to discuss the content of the Plan will be at the European Sustainable Energy Week in April, for which you are warmly invited to participate.

After the adoption of the Plan, my services will focus on putting this Plan into practice with appropriate legislative and other measures. One major step will be the revision of the Directives on Energy Services and Cogeneration. We intend to adopt a new proposal already before the summer break.

Since most energy is consumed in urban agglomerations in Europe the **Smart Cities and Communities Initiative** is another important initiative we are working on.

Many cities and regions in Europe are pioneering the uptake of new, low-carbon technologies. Our goal is to keep the EU as a leader in this field, and to support efficient cooperation between universities, researchers, technology developers and producers, businesses, financiers and public authorities.

With this in mind, the new Smart Cities and Smart Communities initiative will be launched this year to support innovative integrated technology approaches, which allow cities to take their destiny into their own hands: mitigate climate change and improve quality of life of their citizens go hand in hand. Three elements are central in this initiative: (1) It is about solidarity: cities and communities should share common approaches and solutions all throughout Europe, so that all can rely on the best available knowledge. It is not necessary to re-invent the wheel every time a city or community plans its future; (2) It is about markets for a competitive and innovative EU industry providing metropolitan solutions. We need to create these markets, which will enable industry to produce standard and tailor-made smart cities solutions alike, both inside and outside Europe. (3) We should only take on at European level projects which are too costly or too risky or inefficient, when executed at local and regional level.

My services are at present fine-tuning the details and a public consultation will be launched soon. Your views and feedback will be most welcome.

And now to smart grids and smart meters

Smart grids are part of the technological leap needed to achieve our low carbon Europe by 2050. They will be the backbone for the next generation, decarbonised power system allowing for the integration of vast amounts of on-shore/off-shore renewable energy and electric vehicles, while maintaining availability for conventional power generation and power system adequacy.

Our networks, in particular distribution networks are old, requiring upgrading, and further expansion to bring new offshore wind to the major consumer centre at the heart of Europe. We need smart grids and meters to include more renewables, make the best of our constrained resources, and deliver secure energy. Consumers, both households and industrial, need to be able to track their energy bills in real and tune their consumptions to the (world) market realities. We need new technologies and energy services for this.

To ensure that this deployment of smart grids and smart meters is done in the most cost effective way for all stakeholders concerned, we need common standards and certainty about the market model and adequate data protection to win customers' trust. I will soon propose a dedicated Communication in order to present a way forward for wide deployment of smart grid and smart meters addressing those issues.

Last but not least, the financial support.

In terms of financial resources, the Commission recently revised the European Regional Development Fund regulation so that the Member States can use more EU funding for refurbishing buildings. This change reflects the recognition of the role of regions, communities and cities as key players in regional policy. A number of regions have taken up these opportunities, and we can see the first positive results, partly thanks to their involvement in the Covenant.

For the first time, the Lisbon Treaty provides the EU with competence over energy and territorial cohesion. Our respective services – in energy and in regional policy -- are working together to bring energy efficiency and renewable energy into the heart of cohesion policy instruments.

Building on the Covenant of Mayors, our ELENA Facility is already helping to leverage funding. Within 14 months of starting up, this facility has allocated EUR 20.5 million for its first 11 projects. The aim is to mobilise about EUR 1.5 billion in sustainable energy investments over the next three years. ELENA also provides the assistance needed for more efficient use of structural funds in cities and regions. Let me quote the example of London and its ambitious programme to refurbish public buildings through the London Green Fund. I am sure other cities and regions will follow that example.

Responding to huge demand from cities and regions, the ELENA Facility is being extended with two new pilots for investment programmes below EUR 50 million. This comes under the Intelligent Energy Europe Work-programme 2011. One facility will be implemented in cooperation with the German bank KfW, focusing on the interesting connection between sustainable energy investments and carbon crediting. Another will be implemented with the Council of Europe Development Bank, focusing on social housing.

Moreover, the Commission services and the European Investment Bank are finalising their work on a new Investment Fund for Energy Efficiency. This will provide public authorities with financing for investments, using the EUR 146 million unspent from the EU recovery package. The new fund will provide guarantees, equity and debt financing for refurbishing buildings, local energy infrastructure, urban transport, and distributed renewables. Again, cities and regions will be the main beneficiaries.

My services plan to announce details of the new ELENA facilities and the Fund for Energy Efficiency during the EU Sustainable Energy Week. I expect to see many of you there.

## **Conclusion**

Ladies and gentlemen,

I am sure the active involvement of cities, communities and regions, supported by EU energy policy initiatives will provide a significant contribution to achieving our energy and climate objectives. Covenant signatories' commitment, built on principles of subsidiarity and democracy, gives us all hope for a more sustainable future.