



Brussels, 27 October 2006

OPINION

of the Committee of the Regions
of 11 October 2006

on the

Green Paper – A European Strategy for Sustainable, Competitive and Secure Energy

COM(2006) 105 final

and on the

Communication from the Commission – Biomass Action Plan

COM(2005) 628 final

and on the

Communication from the Commission – An EU Strategy for Biofuels

COM(2006) 34 final

THE COMMITTEE OF THE REGIONS

Having regard to the Green Paper – A European Strategy for Sustainable, Competitive and Secure Energy COM(2006) 105 final, to the Communication from the Commission – Biomass Action Plan – COM(2005) 628 final, and to the Communication from the Commission – An EU Strategy for Biofuels - COM(2006) 34 final;

Having regard to the decision of the European Commission of 2 December 2005, to consult it under the first paragraph of Article 265 of the Treaty establishing the European Community on the Green Paper – A European Strategy for Sustainable, Competitive and Secure Energy;

Having regard to its Bureau's decision of 16 February 2006 to instruct the Commission for Sustainable Development to draw up an opinion on the subject;

Having regard to its opinion of 16 February 2006 on the Green Paper on energy efficiency or doing more with less – (COM(2005) 265 final) – CdR 216/2005 fin;

Having regard to its opinion of 15 November 2001 on the Green Paper - Towards a European strategy for the security of energy supply – (COM(2000) 769 final) – CdR 38/2001 final¹;

Having regard to its opinion of 17 June 2004 on the Proposal for a Directive of the European Parliament and of the Council on energy end-use efficiency and energy services (COM(2003) 739 final - 2003/0300 (COD)) - CdR 92/2004 fin²;

Having regard to its draft opinion (CdR 150/2006 rév.1), adopted by the Commission for Sustainable Development on 27 June 2006 (rapporteur: Ms Emilia Müller, Minister for Federal and European Affairs in the Bavarian State Chancellery (DE/EPP));

adopted unanimously the following opinion at its 66th plenary session (meeting of 11 October 2006), held on 11 and 12 October 2006 :

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¹ OJ C 107, 3.5.2002, p. 13.

² OJ C 318, 22.12.2004, p. 19.

1. The Committee of the Regions' views

The Committee of the Regions

The Green Paper on energy

- 1.1 **welcomes** the publication of the Green Paper, which provides an accurate assessment of the current energy situation and indicates ways forward in the direction of a strategy for sustainable, competitive and secure energy supplies for Europe;
- 1.2 **notes** that Europe faces many challenges in the field of energy, such as high and very volatile energy prices; rising global demand for energy; security risks for producer and transit countries and for transport routes; increasing dependence on imports and limited diversification to date of energy sources and supplies; growing environmental impact; and the need for closer integration and networking of national energy markets and for major investments in energy infrastructure;
- 1.3 **is pleased** that the Green Paper is providing the impetus for an intensive debate on energy policy in Europe in response to these challenges and **emphasises** the importance of a long-term EU energy strategy;
- 1.4 **stresses** that in order to achieve the triple objective of secure energy supplies, competitiveness and environmental protection, it is essential to take into account all policy areas linked to energy, in particular transport, the environment, research and development and external relations;
- 1.5 **welcomes** the approach towards a common European energy policy, which develops a partnership between European, national and subnational spheres of government, taking due account of the particular circumstances of individual Member States in accordance with the subsidiarity principle. Coordinated action is vital if Europe is to find a sustainable solution to the problem of energy supply security and conditions;
- 1.6 **points out** that stable and inexpensive energy supplies are of vital importance for sustainable development, not least in the regions and local authorities;
- 1.7 **highlights** the role of regional and local authorities as energy producers (e.g. through participation in energy companies) who are dependent on fair competition;
- 1.8 **welcomes** the conclusions of the European Council of 23 and 24 March, which envisage efforts to promote the development of regional energy cooperation within the EU and the integration of regional markets into the EU internal market in a bid to ensure "the competitiveness of European economies and the affordability of energy supply";

- 1.9 **underscores** the need to diversify external and internal sources of energy, in order to reduce the EU's dependence on energy imports and on individual suppliers, thus securing sustainable energy supply;
- 1.10 **stresses** that, in keeping with the subsidiarity principle, the choice of energy mix must remain with the Member States;
- 1.11 **advocates** an increase in the share of renewable energies with low or zero greenhouse gas emissions in the Member States' energy mix, in order to combat climate change;
- 1.12 **notes** that efforts to diversify the energy mix have overlooked hydropower, a very effective and efficient energy source which is often used by regional and municipal energy producers and suppliers, as well as geothermal energy;
- 1.13 **deplores** the inadequate transposition of the directives on liberalising the internal gas and electricity market in many Member States;
- 1.14 **considers** that the Second Internal Market Package must be fully implemented, and an assessment conducted of its impact, before any further legislative steps are taken;
- 1.15 **emphasises** the need to create a unified European energy network and therefore **considers** closer cooperation between national regulators to be an **urgent necessity**;
- 1.16 **rejects** the idea of setting up new administrative structures such as a European "energy regulator", as national regulators are capable of achieving the objectives proposed by the Commission and confirmed by the European Council;
- 1.17 **for the time being, does not feel that there is any need** for a new legislative proposal on gas reserves, given that the Directive on the security of gas supplies, which came into force in May 2006, must first be transposed;
- 1.18 **welcomes** the presentation of a strategic plan to boost the development of new energy technologies at European level, to support rapid commercial launches of such technologies and to facilitate coordination of Community and national research and innovation programmes;
- 1.19 **sees** increased energy efficiency as an important goal, particularly with a view to preventing further increases in import dependency;
- 1.20 points out that many energy-efficiency measures either already in force in the EU or in the pipeline are only beginning to have an impact or indeed still have to be implemented. Examples include the buildings directive, the combined heat and power (CHP) directive and the energy end-use efficiency directive;

- 1.21 **welcomes** the Commission's plan to conduct annual reviews of the EU strategy from 2007 onwards, including the medium- and long-term objectives and the measures required to achieve them;

Biomass action plan

- 1.22 **welcomes** the publication of the biomass action plan, the implementation of which can make an important contribution to achieving the three objectives set out in the energy Green Paper;
- 1.23 **welcomes** the Commission's plan to increase the share of biomass among renewable energies and **considers** the overall package outlined by the Commission to be an appropriate basis for expanding energy production from biomass;
- 1.24 **welcomes** the Commission's emphasis on the importance of regions in promoting biofuels and other forms of bio-energy as part of cohesion policy and rural development policy;
- 1.25 **points out** that the use of biomass can substantially contribute to achieving the goal of deriving 12% of total EU energy from renewable sources by 2010, and therefore **stresses** the importance of biomass as an important alternative to fossil fuels;
- 1.26 **highlights the fact** that the action plan indicates for the first time how the objective set in the 1997 White Paper of tripling primary energy use from biomass in the EU to about 150 million tonnes oil equivalent (mtoe) should be split between heat, electricity and fuels (heat: 75 mtoe, electricity: 55 mtoe, fuels: 19 mtoe);
- 1.27 **emphasises** that the scenario described in the action plan would mean a rise in the biomass share of EU primary energy use from about 4% at present to 8% in 2010 and **points out** that, to achieve this objective while respecting the subsidiarity principle at every level, measures to guarantee biomass supply must also be taken, for example obligatory reserves, improvement of the delivery chain etc.;
- 1.28 **welcomes** the Council's decision of 14.2.2006 to add the supply of district heating to the list of goods and services to which Member States may apply a reduced rate of VAT, and **considers it important** for Member States to do so;
- 1.29 **points out** that many local and regional authorities are already successfully implementing specific projects for generating electricity and heat from biomass – or have done so already – and are thus playing a pioneering role in this area; **feels** that it is important to promote such projects;

- 1.30 **stresses** the importance of biomass as an energy source for rural areas: use of biomass can provide new sources of income for both the agricultural sector (farmers as producers of energy resources) and the forestry industry, and can also help create new jobs;

The biofuel strategy

- 1.31 **welcomes** the Commission's communication on the EU strategy for biofuels which, in transport, can at least partly replace fossil fuels and be integrated into fuel supply systems;
- 1.32 **draws attention to** the fact that public vehicle fleets in local and regional authorities are already powered by biofuels;
- 1.33 **points out** the importance of producing biofuels in a sustainable manner in order to avoid a loss of biodiversity; It should be avoided that large energy crop "monocultures" (concentrated growth of a single crop over wide areas) excessively disrupt the local ecosystem.;
- 1.34 **calls on** the Commission to step up research into biofuels, both in terms of raw material (improvement of the energy yield and characteristics of crops or utilisation of pyrolytic oils as a raw material in the petrochemical industry) and in terms of processes (conversion of biomass into energy, gasification, pyrolysis, etc.).

2. The Committee of the Regions' recommendations

The Green Paper on energy

- 2.1 to ensure a level playing field, **calls** for complete and immediate transposition of the directives on liberalising the internal gas and electricity market in all Member States;
- 2.2 **is in favour of** conducting cost-benefit analyses of new legislative proposals put forward by the Commission;
- 2.3 in the review of the EU emissions trading scheme, **calls for** a further expansion and an improvement of the scheme in accordance with the Green Paper; thus providing a stable climate in which industries can take the long-term investment decisions required; **calls for** the removal of unnecessary burdens on industry arising in particular from the impact on electricity prices and from distortions of competition as a result of insufficient coordination of national allocation plans between Member States;
- 2.4 **notes** that EU-level coordination during the gas supply crisis in January 2006 proved effective and, while continuing in future to respect Member States' prime responsibility for the security of their own energy supplies, **calls** for efforts to ensure that effective coordination mechanisms based on the principles of solidarity and subsidiarity are in place in the event of a supply crisis;

- 2.5 **urges** making sustainable energy and energy efficiency a research and development priority and providing an adequate share of Community support for this purpose;
- 2.6 **proposes** that the EU offer incentives for the use of sustainable energies in all relevant policy areas within its remit;
- 2.7 **welcomes** the Commission's intention to contribute to the continued development of energy efficiency measures, and **backs** the presentation of a wide-ranging energy efficiency action plan in the near future;
- 2.8 in drawing up such an action plan, **calls** for the use of market-assisted and cost-effective instruments, such as information, consultancy, support, voluntary agreements, and the like, and for due account to be taken of the limits to the burdens which can be imposed on public finances, business and consumers;
- 2.9 **rejects** the establishment of absolute targets for increasing efficiency. Member States which have already made savings or which use particularly efficient technologies have less potential for further efficiency increases and would be at a competitive disadvantage if absolute targets were applied;
- 2.10 **approves** the proposal for an international agreement on energy efficiency and the initiation of EU dialogue on energy efficiency and saving with countries with high levels of energy use and emerging countries;
- 2.11 **supports** the forging of a common approach to a foreign and security policy geared towards security of supply and the diversification of supply sources; the expansion energy partnerships; and enhanced dialogue with key producer, transit and user countries; it would make sense to include non-EU neighbouring countries in this process;

Biomass action plan

- 2.12 **calls** on the Commission to take account of the role of local and regional authorities in implementing and further developing the action plan, to explicitly explore the local and regional dimension and thus also to give a major fillip to rural areas;
- 2.13 in connection with biomass supplies, **endorses** the Commission's view that decisions about the cultivation of energy crops are "best taken at a local or regional level";
- 2.14 to enhance the security of supply, conserve resources, reduce greenhouse gas emissions and promote rural areas and the renewable energy sector, **considers it necessary** not only to encourage energy saving and boost energy efficiency but also to further extend the use of

renewable energy sources and, in this connection, to press ahead with the sustainable expansion of biomass use to produce both energy and materials;

The biofuel strategy

- 2.15 **considers** that it is **essential** to remove the current technical barriers to the use of biofuels and to amend the EN 14214 standard to facilitate the use of a wider range of vegetable oils for biodiesel, to the extent feasible without significant ill-effects on fuel performance and therefore **supports** the Commission's intention to begin by investigating the causes of these barriers, and to determine specific aspects of the standard that should be amended, while at the same time ensuring that there is no discrimination against biofuels as a result;
- 2.16 **calls** on the Commission to take due account of the local and regional dimension, not least in the ongoing development of the biofuel strategy;
- 2.17 **welcomes** the Commission's intention to increase the share of biofuels in fuel consumption, and to this end to also provide for the monitoring measures to promote biofuels.

Brussels, 11 October 2006.

The President
of the
Committee of the Regions

The Secretary-General
of the
Committee of the Regions

Michel Delebarre

Gerhard Stahl