

Contribution to the debate on the Green Paper
Towards a European strategy for the security of energy supply

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What are you areas of interest?	sustainable energy policy and delivery of sustainable energy programmes to householders within the UK
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Please add your answers after the question(s) which deal most closely with the subject(s) on which you wish to comment so that the Commission can deal with the remarks efficiently and swiftly.

SUMMARY:

- Energy efficiency has benefits for the economy, for social development, for the environment, and for energy security, and should be a cornerstone of EU energy policy.
- The costs and opportunity costs of stockpiling and addressing issues of nuclear waste and safety should be assessed with an eye to the levels of investment, and investment opportunities, in energy efficiency and renewable technologies.
- There is a need for a level of co-ordination at EU level of energy policies, and the EU should encourage regulatory good practice for the achievement of policy objectives.

1.	<p>Can the European Union accept an increase in its dependence on external energy sources without compromising its security of supply and European competitiveness? For which sources of energy would it be appropriate, if this were the case, to foresee a framework policy for imports? In this context, is it appropriate to favour an economic approach: energy cost; or geopolitical approach: risk of disruption?</p> <p>Answer:</p> <p>Clearly, any reliance on energy imports from outside the EU is less secure, and affects European competitiveness. Reducing demand for energy must be the first principle in</p>
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	<p>ensuring energy security. If demand is reduced, indigenous resources will be maintained for longer, postponing or obviating all together the need for increased imports. For the UK, we have calculated that cost-effective energy efficiency measures in households alone could save energy equivalent to the output of five gas-fired power stations in one year – gas that might otherwise be imported.</p> <p>In addition, existing capacity – for instance, of nuclear and coal – will represent a higher proportion of demand. This will help maintain supply diversity. Diversity of supply will also be helped by the use of new, cleaner forms of energy, including smaller scale local (embedded) generation. Local generation has the additional potential benefit of being immune to the disruption of national energy networks.</p> <p>When considering the economics of energy supply and demand, the issue of long-term competitiveness in the area of renewable energy and engineering should be taken into account. By developing new forms of generation now, the EU can export expertise, products and services in this area in future.</p>
2.	<p>Does not Europe's increasingly integrated internal market, where decisions taken in one country have on an impact on the others, call for a consistent and co-ordinated policy at Community level?</p> <p>Answer:</p> <p>We agree that there is a need for a co-ordinating framework at European level, although we have no expertise in how this would work for matching energy imports and energy demand.</p> <p>We support EU initiatives that encourage Member States to move towards their Kyoto obligations and beyond, by setting frameworks for action. Given the Gas and Electricity Market Directives, which have required liberalisation of the energy supply markets in Member States, there is now a need for an Energy Efficiency Directive to complement these. This would ensure completion of the energy <i>services</i> market, deliverable by energy companies.</p>
3.	<p>Are tax and state aid policies in the energy sector an obstacle to competitiveness in the European Union or not? Given the failure of attempts to harmonise indirect taxation, should not the whole issue of energy taxation be re-examined taking account of energy and environmental objectives?</p> <p>Answer:</p> <p>According to the Green Paper, the current tax regime across Europe has little impact on the overall generation mix. We agree that the issue of energy taxation should be re-examined taking account of energy and environmental objectives. However, the UK and Ireland have the problem of fuel poverty among a significant proportion of their households, which precludes raising domestic energy taxes. Member States must be allowed to deal with such sector specific issues within any wider framework on energy taxation.</p> <p>It is important to note that taxes and state aid are not the only policy tool affecting energy markets. In particular, the way in which the markets are regulated has a crucial role to play. In the UK, current energy regulation favours large, stable generators over</p>

	<p>small, intermittent generators, despite of the Government's stated policy aim of encouraging renewable energy. As markets fully open up, it is important that the EU should encourage regulatory good practice for the achievement of policy objectives.</p>
4.	<p>In the framework of an ongoing dialogue with producer countries, what should supply and investment promotion agreements contain? Given the importance of a partnership with Russia in particular, how can stable quantities, prices and investments be guaranteed?</p> <p>Answer:</p> <p>We have no expertise in the area of dialogue between energy exporting and importing countries. However, we have much experience of producer/consumer dialogue to develop ways of enhancing the market for energy efficiency products and services, and for the industry to be informed and pro-active in dealing with policy and practical issues. This is something that we would therefore support, in principle, at EU level.</p>
5.	<p>Should more reserves be stockpiled - as already done for oil - and should other energy sources be included, such as gas or coal? Should the Community take on a greater role in stock management and, if so, what should the objectives and modalities be? Does the risk of physical disruption to energy supplies justify more onerous measures for access to resources?</p> <p>Answer:</p> <p>Again, as a principle we advocate a reduction in demand as the basis for ensuring supply security. In the long term, there is no need to stockpile if energy is generated through the use of indigenous renewable sources. We suggest that the cost and opportunity costs of stockpiling should be assessed with an eye to the levels of investment, and the investment opportunities, for energy efficiency and renewable energy technologies.</p>
6.	<p>How can we develop and ensure better operation of energy transport networks in the European Union and neighbouring countries so as to enable the internal market to function properly and guarantee security of supply?</p> <p>Answer:</p> <p>We have no expertise in this area.</p>
7.	<p>The development of some renewable energy sources calls for major efforts in terms of research and technological development, investment aid and operational aid. Should co-financing of this aid include a contribution from sectors which received substantial initial development aid and which are now highly profitable (gas, oil, nuclear)?</p> <p>Answer:</p> <p>Additional resources for the development of some renewable energy resources are</p>

	<p>welcome. However, it is crucial that the regulatory framework should be favourable for bringing such technologies on stream through market mechanisms.</p>
<p>8.</p>	<p>Seeing that nuclear energy is one of the elements in the debate on tackling climate change and energy autonomy, how can the Community find a solution to the problem of nuclear waste, reinforcing nuclear safety and developing research into reactors of the future, in particular fusion technology ?</p> <p>Answer:</p> <p>We suggest that the cost and opportunity costs of tackling the issues of nuclear waste, nuclear safety, and fusion technology be assessed with an eye to the levels of investment, and the investment opportunities, for energy efficiency and renewable energy technologies. Experience in the UK has shown that relatively small levels of Government investment to encourage energy efficiency stimulate much greater levels of investment by energy suppliers (through the Energy Efficiency Commitment). There is no comparable solution to the problems of nuclear power.</p>
<p>9</p>	<p>Which policies should permit the European Union to fulfil its obligations under the Kyoto Protocol? What measures could be taken in order to exploit fully potential energy savings which would help to reduce both our external dependence and CO2 emissions?</p> <p>Answer:</p> <p>The Trust's experience is primarily in the UK. Here, we have calculated that cost-effective energy efficiency measures in households can lead to reductions of 12½% in energy use for this sector. i.e: more than fulfil the UK's Kyoto obligations. It is likely that energy efficiency can play a similarly important role in many other Member States, and an Energy Efficiency Directive (see SAVE project "Completing the Market for Least Cost Energy Services") at EU level would be a good policy tool to stimulate national actions to improve energy efficiency. Energy efficiency is almost uniquely placed in terms of its benefits for social development, for economic competitiveness for the environment, and for energy security.</p> <p>An independent audit of energy efficiency programmes run by energy suppliers for householders in Britain shows that:</p> <ol style="list-style-type: none"> 1. Against an expenditure of £3.60 p.a. per householder per fuel (gas or electric) over three years, £10 p.a. will be saved by every householder in perpetuity. 2. The net benefit to Britain, i.e: taking into account the investment costs, will be £2 billion. 3. The cost of saving a tonne of carbon will be negative, at -£215 / tC, because the cost of increasing supply to meet demand is greater than the cost of reducing demand through energy efficiency. <p>The full potential for cost-effective energy efficiency improvements to households is greater still, but will not be realised without appropriate Government and regulatory incentives.</p> <p>We also support the development of renewable energy generation, which again will: reduce external dependence, reduce carbon emissions, create economic opportunities for</p>

	<p>the EU internationally, and be compatible with the aim of sustainable development.</p>
<p>10.</p>	<p>Can an ambitious programme to promote biofuels and other substitute fuels, including hydrogen, geared to 20% of total fuel consumption by 2020, continue to be implemented via national initiatives, or are co-ordinated decisions required on taxation, distribution and prospects for agricultural production ?</p> <p>Answer:</p> <p>A programme to promote alternative transport fuels would benefit greatly from co-ordination at EU level, for the following reasons:</p> <ol style="list-style-type: none"> 1. Consumers will need the refuelling infrastructure for their alternative fuel vehicles to be in place throughout the EU. A co-ordinated approach to encouraging infrastructure development will be welcome. 2. Investment and technological developments will proceed at a far greater pace if vehicle manufactures and fuel suppliers can draw on the resources and the markets of the whole of the EU. 3. The competitiveness of the road transport industry in any particular Member State might be compromised if it were unilaterally to introduce an ambitious environmental programme without a wider framework that applied across the EU. 4. Clearly, emissions from road vehicles are a trans-boundary pollution issue, and all Member States should play their part in reducing these. <p>The implementation of individual promotional initiatives should be left to Member States where possible, within the overall co-ordinating framework.</p>
<p>11.</p>	<p>Should energy saving in buildings (40% of energy consumption), whether public or private, new or under renovation, be promoted through incentives such as tax breaks, or are regulatory measures required along the lines of those adopted for major industrial installations?</p> <p>Answer:</p> <p>For new buildings, regulations are imperative. We support the EU Directive on the Energy Performance of Buildings. For the UK, we advocate that a target be set now, for near zero-carbon buildings by 2012. Such a long-term target at EU level would allow the industry to take the issue seriously and make the necessary changes.</p> <p>For existing buildings, again we see a strong role for Building Regulations at point of refurbishment.</p> <p>However legislation is also critical. In the UK the major source of funds for energy efficiency will be energy suppliers, as they will be required to comply with the terms of the Energy Efficiency Commitment (an Order under the Utilities Act 2000). From 2002-5 energy suppliers (and ultimately customers though their bills) will invest around £160M/a in energy efficiency. In addition to this, there is also a clear need for a variety</p>

	<p>of awareness-raising and fiscal incentives, to ensure that customers are aware of the environmental and economic benefits of energy efficiency, and that they take up the energy suppliers' offers.</p>
12.	<p>Energy saving in the transport sector (32% of energy consumption) depends on redressing the growing imbalance between road and rail. Is this imbalance inevitable, or could corrective action be taken, however unpopular, notably to encourage lower use of cars in urban areas? How can the aims of opening up the sector to competition, investment in infrastructure to remove bottlenecks and intermodality be reconciled?</p> <p>Answer:</p> <p>We welcome policies to encourage use of, and investment in, public transport. These must come hand in hand with measures to encourage use of smaller, more efficient, and alternative fuelled vehicles, with the ultimate goal of developing a hydrogen economy. We also welcome measures to limit vehicle use in urban areas, so long as viable public transport alternatives are available, and effective measures are taken to make walking and cycling safe and attractive.</p>
13.	<p>How can we develop more collaborative visions and integrate the long-term dimension into deliberations and actions undertaken by public authorities and other involved parties in order to evolve a sustainable system of energy supply. How are we to prepare the energy options for the future?</p> <p>Answer:</p> <p>We support open dialogue and consultation, of which this process is part. We support continued funding for SAVE policy research projects, and believe the results of these should be widely disseminated and drawn upon to develop policy at EU level.</p>
14	<p>Any other questions or proposals:</p> <p>–</p>

Thank you for replying to this questionnaire.