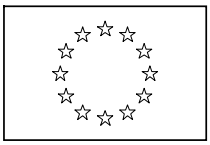

COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 23.10.2001
COM(2001) 580 final

COMMUNICATION FROM THE COMMISSION

on the implementation of the first phase of the European Climate Change Programme

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1. INTRODUCTION

The political context

At the European Council in Gothenburg in June 2001, Heads of State and Government indicated that combating Climate Change is a major priority of the European Union's Sustainable Development Strategy. They confirmed the European Union's determination to meet its commitments under the Kyoto Protocol, and to ratify it so as to allow its entry into force by 2002.

The resumed sixth Conference of the Parties (COP6) under the United Nations Framework Convention on Climate Change (UNFCC) in Bonn in July 2001 delivered a major success in reaching a world-wide political agreement on the outstanding issues concerning the implementation of the Kyoto Protocol. It is envisaged that the COP7 in Marrakech in November 2001 will finalise the translation of this successful agreement into legal text.

The EU's leadership at the resumed COP6 has been a determining factor in the negotiation but also in the firm support for the multilateral approach as the preferred way to cope with global environmental threats. It is of major importance to maintain this momentum and to demonstrate determination along the lines set out by the Heads of State and Government in Gothenburg. This Communication deals with a concrete set of implementation measures to be addressed in the Commission's work programme in the coming 24 months. It is part of a package together with a proposal for the ratification of the Kyoto Protocol by the EC, as well as a proposal for a Directive on Emissions Trading within the EU.

The proposed package is a timely one. Not much time is left to reach the 2002 deadline for ratification. Moreover, experience shows that policy proposals require time before they become law and are transposed and implemented by the Member States. On top of that, it usually takes years before they show their emission reduction effect in the real world. In this perspective, the start of the first Kyoto Commitment Period in 2008, requires policy action sooner rather than later. This applies in particular when it concerns policy approaches which are new to the EU such as on emissions trading.

Several economic analyses of the Kyoto Protocol and its implications for the EU have been made. The overall compliance costs of the Kyoto Protocol are to some degree uncertain and could range between an estimated 0.06% of GDP by 2010, provided cost-effective policies are given full priority[1], and up to 0.3%. Although no comprehensive economic assessment of the implications of the resumed COP6 decisions has been made to date, all indications show that those compliance costs could be lower than the ones indicated. The reason is that the wider acceptance of various sinks categories

[1] Economic Evaluation of Quantitative Objectives for Climate Change (http://europa.eu.int/comm/environment/enveco/studies2.htm#5

and the dropping of quantitative provisions on supplementarity, have created more flexible and hence a multitude of low cost policy options. On the other hand additional costs might occur through measures that are justified for reasons other than reducing greenhouse gas emissions. Such measures are most likely to be related to the security of energy supply.

Nevertheless many uncertainties remain and will remain as economic and political developments are difficult to forecast a decade ahead from now. A decision by the United States to rejoin the Kyoto Protocol would of course be welcomed throughout the world and in particular by the EU since it would strengthen the environmental effectiveness of the Kyoto Protocol significantly. It would also remove competitive impacts in economic sectors exposed to the international markets.

The way forward

According to the forthcoming 2001 Second Progress Report under Council Decision 99/296/EC greenhouse gas emissions in the European Union have decreased by 4 % since 1990. This situation suggests that in 1999, the EU, as a whole, was in line with its target paths for both 2000 and 2008-2012. However, projections by Member States and the Commission suggest that without policies in addition to those already implemented or in the pipeline greenhouse gas emissions are expected to merely stabilise at 1990 level. This would leave a gap of –8% (about 340 Mt CO2 eq.). Closure of this gap will require Member States and the EU to take further action. Since there is still uncertainty i.a. on the level of economic growth as well on to what extent the effects of projected measures will in fact materialise it is to be expected that the –8% objective represents a minimum rather than a maximum of what is required.

In view of these uncertainties and the difficulties that the majority of Member States face in meeting their commitments under the burden sharing agreement, strong and timely measures at EU level will be an important element of an EU wide climate change strategy.

The Commission has repeatedly confirmed its commitment to the Kyoto Protocol and identified further steps as part of 6th Environment Action Programme (6EAP) and the Sustainable Development Strategy it submitted at Gothenburg. Last year[2] a European Climate Change Programme has been established to identify and to prepare together with stakeholders from Member States, businesses and NGO's common and co-ordinated policies and measures at EU level.

A final report was published in June 2001. It presented the results of two different approaches, a top-down cross-sectoral study on a cost-efficient evaluation of the EU emission reduction objectives and a bottom-up assessment of policies and measures through expert working groups of the

[2] COM(2000)88 final

different sectors. On the basis of the criteria of cost efficiency[3], emission reduction potential, time horizon and political acceptability some 40 possible measures were identified by the expert groups with a combined CO2 emission reduction potential of some 664-765 Mt CO_2 equivalent.

At a major conference in Brussels in July 2001, the ECCP approach was welcomed. At the same time the Commission has been urged to come forward as soon as possible with concrete policy proposals.

The list of measures advanced by the ECCP must also be seen within the context of the enlargement of the EU, as they are in many cases of particular relevance to candidate countries. The ECCP Conference involved experts from a number of accession countries. Important areas for co-operation were highlighted, including bio fuels, Combined Heat and Power (CHP) , energy efficiency in buildings, renewables and implementation of the Integrated Pollution Prevention and Control (IPPC) Directive. Candidate countries participated in the discussion on the Proposal for a Directive on Emissions Trading.

2. COMMISSION PROPOSALS

This Communication highlights a package of measures, which the Commission intends to bring forward during the coming 24 months. They are grouped in four sections: cross-cutting, energy, transport and industry.

Those measures represent a cost-effective reduction potential of some 122 - 178 Mt CO_2 eq. However, the ECCP also highlighted the importance of measures which are particularly promising in a long term perspective, and for which the cost-effectiveness constraint of €20 per tonne of CO_2 eq. needs to be qualified. In this respect, the emission reduction potential could increase with another 100 Mt of CO_2 eq. in view of reflecting pro-active policies in the field of CHP and Biofuels. In any case, caution is needed in interpreting figures of the emission reduction potential. For some of these measures quantification proved difficult. This applies particularly to actions in the transport sector. These measures are taken from the recently adopted White Paper on a Common Transport Policy[4] which proposes a package of 60 measures in total of which some will also be instrumental in reducing greenhouse gas emissions.

The list of measures proposed in this Communication has to be situated against the background of efforts the Commission is currently undertaking to integrate the environment into other policy areas. Recent initiatives include: a Directive on further liberalisation of the electricity and natural gas markets in the EU[5], a Directive on the Promotion of Electricity from Renewable

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3 Based upon the broad analysis produced for the ECCP the cost efficiency criteria are estimated to be a maximum of €20 per tonne of CO2 equivalent

4 European Transport Policy for 2010:Time to Decide, COM(2001) 370

5 Proposal for a Directive amending Directives 96/92/EC and 98/30/EC concerning common rules for the internal markets in electricity and natural gas, COM(2001) 125 final

sources of Energy in the Internal Electricity Market[6], an Action Plan for Improved Energy Efficiency in the Community[7], a Green Paper on the Security of Energy Supply[8] and the revision of the guidelines on state aid for environmental protection[9], and a revision of the trans European network guidelines. An older but still highly relevant proposal for a Directive restructuring the Community framework for the taxation of energy products[10] has been revived in Council, and the Commission remains firmly committed to the approach outlined in it.

The ECCP has also confirmed the need for continuous climate research, technological development and innovation. Further action is required to define with increased accuracy and certainty the evolution of the phenomenon of climate change and its potential impact in particular in Europe. Research will also be essential in identifying future cost-effective and socially acceptable energy and transport technologies and related actions and methodologies which mitigate climate change.

It is important to continue investing in climate related research. This is reflected in the Commission's initiative for establishing the European Research Area[11] and the new Framework Programme [12]. They provide the means for the implementation of the above objectives together with the Global Monitoring for Environment and Security (GMES) initiative.

A Commission's priority is also to bring researchers closer to policy making with the view to provide scientifically sound support. In this respect the establishment of a European scientific "Help Desk" can help both the ECCP implementation and the development of future policies based on sound science.

2.1. 1st section – Cross-cutting Issues

2.1.1. Promoting Effective Implementation of the Integrated Pollution Prevention and Control Directive

Background

The IPPC Directive takes an integrated approach to pollution prevention and control in large industrial and agricultural installations. This means that

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6 COM(2000) 279. This Directive will contribute to achieve the objective of doubling the share of renewable energy sources in the consumption of gross energy in Europe from the current 6% to 12% in 2010,as it was anticipated by the 1997 White Paper for a Community Strategy and Action Plan on Renewable Sources of Energy, COM(97)599

7 Action plan for improving energy efficiency in the European Community, COM(2000)247 final

8 Green Paper *Towards a European strategy for the security of energy supply*, COM(2000)769 final

9 Community guidelines on state aid for environmental protection, 2001/C37/03, OJ C 37, 03/02/2001, p.3

10 COM (1997) 30 final

11 COM (2000) 612 of 4/10/00

12 COM (2001) 94 of 26/10/01

operators and authorities should determine the measures that yield the best results for the environment as a whole. The IPPC Directive focuses on prevention. It favours upstream measures (like clean technologies) rather than "end-of-pipe" pollution control.

The ECCP made a clear recommendation to make better use of the existing IPPC Directive. The Directive was not conceived specifically for climate change. However, it introduces an obligation to prevent all forms of pollution and to use energy efficiently. The technical reference documents elaborated on EU level, the so-called BREFs, should help bring about greenhouse gas emission reductions and a more efficient use of energy in the sectors concerned. National authorities granting the permits shall ensure that greenhouse gas emissions are prevented or controlled, unless they are subject to the future emissions trading system for greenhouse gases.

Commission action

– ***Main elements of the proposals***

The Commission will ask an IPPC technical expert group co-ordinated by the European IPPC Bureau in Sevilla to prepare a special "horizontal" BREF focusing on generic energy efficiency techniques. In addition, it will encourage, in the revision of the first edition of BREFs, the technical expert groups concerned to focus more on providing information and drawing firm conclusions as far as process-specific energy-efficient techniques are concerned.

Member States will be encouraged to develop national strategies for dealing with energy efficiency requirements in the context of IPPC permits and to phase in existing IPPC installations well before the deadline for implementation of October 2007 so that operators are given a reasonable time to introduce BAT and energy-efficient techniques.

– ***Environmental effectiveness and costs***

The ECCP did not estimate the environmental effectiveness and costs of these actions. However a study performed for DG Environment on Energy Management and Optimisation in Industry[13] has indicated considerable cost effective savings of up to 60-70 million ton of CO2 per year for all manufacturing installations covered by IPPC, not including implementation of CHP.

– ***Time-table***

The Commission will continuously promote effective implementation of the IPPC Directive but put special emphasis on the actions outlined above in 2002 and 2003.

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13 http://europa.eu.int/comm/environment/ippc/index.htm (under "IPPC-related documents")

2.1.2. Proposal for a Directive on Linking Project-based Mechanisms including JI and CDM to EC Emissions trading scheme

Background

The proposed Directive will be complementary to the Framework Directive on Emission Trading. It will specify under which conditions "credits" from project-based mechanisms on greenhouse gas emissions trading can be added to the allowances. It should enter into force in parallel with the EC emissions trading scheme in 2005.

Commission action

– ***Main elements of the proposals***

The proposal will be fully compatible with the provisions of the relevant UNFCCC decisions. Project-based mechanisms will cover projects between Annex B Parties to the Kyoto Protocol (Joint Implementation) and projects between Annex B Parties and Non-Annex B Parties (Clean Development Mechanism). It will also allow those sectors within the Community that are not covered by the emissions trading regime to engage in emission reduction projects. The decisions concerning JI and CDM are still under international negotiation but should be finalised by COP7 in Marrakech in November 2001.

The proposal will be designed in a way that ensures consistency with the Community's Development Policy, in order that the overall objective of sustainable development in developing countries and countries with economies in transition is maintained.

– ***Environmental effectiveness and costs***

Allowing the introduction of "credits" from project-based mechanisms including JI and CDM will help to reduce the costs of compliance in the European Community. At the start-up of the scheme it is expected that transaction costs will be considerable, e.g. for setting up the institutional framework in Annex B and Non-Annex B Parties (particularly developing countries), in preparing the necessary project documentation and in establishing the contacts between investor and host country. This could lead to a lower than optimal effective demand for credits. Therefore, the Commission will at the same time explore whether these initial problems during the learning phase could be overcome through public incentives (e.g. support to institutional capacity building in partner countries, matching grant scheme for project preparatory activities, kick-start facility for JI/CDM, voluntary labelling of emission reduction credits). In principle, such incentives should be temporary and must be compatible with state aid provisions.

– ***Time-table***

The Commission intends to adopt the Proposal on a Directive for Linking Project-based mechanisms including JI and CDM with the EC Emissions Trading Scheme by the first half of 2003.

2.1.3. Proposal for a Review of the Monitoring Mechanism

Background

Council Decision 93/389/EEC, as amended by Decision 99/296/EC for a Monitoring Mechanism of Community CO2 and other greenhouse gas emissions requires the Commission to assess progress at Member States' and EU level to reach the Kyoto target through the implementation of adequate policies and measures. The annual report covers the development of emission inventories since 1990 and provides an assessment of the effects of current and future policies and measures. Requirements under the current decision are insufficient to cover the decisions on reporting under the Kyoto Protocol as agreed at the resumed COP 6 in Bonn and those that are expected at COP 7 in Marrakech. A revision of Council Decision 93/389/EEC will therefore be necessary. According to the Monitoring Mechanism the Commission is assisted by the Monitoring Committee in which all Member States are represented.

Commission action

In line with decisions of resumed COP 6 in Bonn on the Kyoto Protocol (Art. 5.1) a future Monitoring Mechanism will need to make provisions for extended reporting requirements under the Kyoto Protocol such as those related to an EU 'Greenhouse Gas Inventory System' and to sinks (carbon sequestration through forestry and agricultural activities).

In addition, provisions on the reporting of national policies and measures including projections have shown to be insufficient to provide the Commission with the necessary data to monitor the evolution and effectiveness of climate change policies and measures with a certain degree of accuracy. A review of the current provisions is necessary in order to increase the reliability of the EU monitoring system. This is particularly important in order to allow an early assessment of Member States compliance with their individual targets under the "burden-sharing agreement". With respect to the proposed Directive on the EU Emissions Trading scheme, the Commission will (together with the Monitoring Committee) develop and propose specific guidelines. In fact the monitoring activities under the trading scheme are closely related and need a comprehensive co-ordination with the greenhouse gases Monitoring Mechanism.

- ***Time-table***

The Commission intends to prepare an amendment of the Council Decision 93/389/EEC for a Monitoring Mechanism for the second half of 2002.

2.2. 2nd Section - Energy Issues

This second section deals with domestic and industrial energy. The Commission has recently adopted the Green Paper on Energy Security, which serves as a framework for all energy related actions. Two proposals have already been formulated over the last months, namely the Directive on the Promotion of Electricity from Renewable sources of Energy in the Internal Electricity Market and the proposal for a Directive on Energy performance of buildings[14]. The recognition that more than 40% of EU energy consumption is in the buildings sector is a powerful incentive to propose a coherent package of efficiency measures. A number of supporting measures is proposed as well.

2.2.1. Proposal for a Framework Directive for Minimum Efficiency Requirements for End-Use Equipment

Background

Energy efficiency measures applying to tradable goods must be established on a Community-wide basis in order to prevent internal market distortions that national efficiency requirements might create. The proposal will cover all types of end-use equipment sold and used in the EU market that use a relevant amount of energy, including standard components (e.g. ballasts, electric motors, power supplies, etc.) and for which there is a significant potential for energy saving. Also included can be domestic appliances, lighting equipment, compressors, pumps, building equipment such as heating and hot water boilers, air conditioners, etc. Care will be taken that the performance of the equipment shall not be affected and that the impact on manufacturers is taken into account.

Commission action

- ***Main elements of the proposal***

Ambitious and cost-effective energy efficiency targets will be implemented through minimum efficiency requirements established with Implementing Directives. This work will be carried out by a regulatory committee consisting of Member State experts given a mandate in the Framework Directive. The setting of minimum efficiency requirements will play an important complementary role to the labelling of products (Council Directive 92/75/EEC) and to voluntary commitments by the industry.

- ***Environmental effectiveness and cost***

Only efficiency standards that can be realised with existing off-the shelf cost-effective improvements in design and technology will be proposed. Savings in CO2 emissions through this measure are expected to gradually increase to substantial levels from the year 2008 onwards.

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[14] Proposal for a Directive on Energy Performance of Buildings, COM(2001) 226 final

- ***Time-table***

The Commission intends to present a proposal in 2002.

2.2.2. Proposal for a Directive on Energy Demand Management

Background

Completion of the internal market for energy by developing and encouraging energy efficiency on the demand side, especially as it is provided by utilities and related service companies in the form of energy services, is an important element for reducing greenhouse gases emissions.

Commission action

– ***Main elements of the proposal***

Member States will be required to set targets to promote and support energy demand management with efficient technology new services and programmes, especially for smaller energy consumers such as households and small and medium size enterprises. This includes a supportive framework for implementation, financing and monitoring of energy services efficiency improvement targets, adapted to each Member States' liberalised market. The Directive will also set out a certain minimum level of investment for energy efficiency and demand management, mainly through business-driven activities. These investments will normally be additional to energy efficiency activities currently financed by public authorities.

Member States will be required to support the development of a market for energy-efficient technology and demand management services. Member States will have to report, on an annual basis, to the European Commission on the amount of investment, the energy saved, and, when possible, the cost-effectiveness of the investments. Member States would use standardised evaluation methods for monitoring the energy savings and cost-effectiveness of the activities implemented and for their reporting to the European Commission.

– ***Environmental effectiveness and costs***

With compliance by 2006, this measure may save between 40 and 55 Mt CO2/year by 2010.

– ***Time-table***

The Commission intends to present a Proposal in 2002.

2.2.3. Proposal for a Directive for the promotion of Combined Heat and Power (CHP)

Background

The aim of the Directive is to complement and strengthen existing measures to promote CHP in line with the Community target of doubling the share of CHP in EU electricity generation from 9% in 1994 to 18% by 2010. The long lead times for new installations to become operational may make it difficult to fully achieve this target on the projected time scale.

Commission action

– ***Main elements of the proposals***

The adoption of a CHP Directive is modelled to some extent on the Renewables Electricity Directive. The Directive should provide a definition of CHP Quality and CHP Certification in order to ensure that incentives are provided only to efficient CHP systems. The Directive should also address issues concerning grid access and costs of connection, streamlining of administrative procedures and contain provisions obliging Member States to set national targets in accordance with the EU-wide CHP target from 1997.

The CHP Directive will cover technologies ranging from small-scale CHP in the residential and tertiary sectors to industrial CHP and CHP with district heating, with special provisions to promote small-scale CHP and renewables CHP.

The launch of an EU CHP initiative as an integrated element in a general promotional campaign for energy efficiency, similar to that used to promote the development of renewable energy sources, could be an associated measure.

– ***Environmental effectiveness and costs***

A reduction potential from CHP of up to 65 Mt CO2 eq has been identified, corresponding to the target of 18% share of electricity generation. Of this, up to 12 Mt CO_2 could be achieved at a cost of between €20 and €50 per tonne. Actual reductions, however, are subject to uncertainties because the proposed CHP Directive is a framework Directive leaving the choice of implementation strategy and specific support mechanisms in favour of CHP to each individual Member State.

– ***Time-table***

The Commission intends to present a proposal in 2002.

2.2.4. Additional non-legislative proposals:

2.2.4.1. Initiatives on increased energy-efficient public procurement

Background

The objective of this initiative is to promote demand for energy-efficient technology from the public sector. The aim is to provide guidance to public procurement of energy-efficient technology.

Commission action

– ***Main elements of the initiatives***

The Commission envisages a follow-up to the recent "Commission Interpretative Communication on the Community law applicable to public procurement and the possibilities for integrating environmental considerations into public procurement"[15]. The aim is to include specific guidance on energy efficiency. This will include guidelines and best practise examples that can then be used by the public sector to incorporate energy efficiency aspects into their procurement procedures. A handbook on green public procurement that is currently being developed will contain examples on how to draw up green calls for tender in conformity with Community law.

The need for possible additional legislative initiatives in the area of energy-efficient public procurement will be considered following a review of the impact of the proposed green public procurement guidelines and best practice examples.

– ***Environmental effectiveness and costs***

The cost-effective reduction potential is difficult to estimate as this initiative is a support measure.

– ***Time-table***

Initiatives to be presented in 2002.

2.2.4.2. Public Awareness Campaign and Campaign for Take-off

Background

Dissemination of information on demand management, monitoring progress and providing benchmarks to do so are integral parts of improving energy efficiency. To focus attention and help measure progress, a Public Awareness Campaign (PAC) and a parallel Campaign for Take-off (CTO) will start in 2002. The CTO will provide indicative targets to measure progress, serve as benchmarks for decision-makers and planners and reinforce the existing campaign for renewable energy sources while drawing on its experience.

The campaign aims to disseminate results of pilot actions, spread best practices and generate public awareness. This will encourage Europe's citizens to invest in products and buildings and to use techniques that can save money as well as have a positive impact on the environment. The campaign defines the role of the stakeholders and facilitates the introduction of the most cost-effective carbon dioxide reduction technologies. The campaign will be co-ordinated by the Commission and managed by the Member States at national and local level.

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[15] COM(2001) 274 final. The handbook on green public procurement is also mentioned by the Communication on Integrated Product Policy, COM(2001) 68 final.

Commission action

– ***Main elements of the proposals***

Carefully selected campaign targets will be proposed to participants at national and local level in the Member States. Such targets may include, e.g. a certain share of "A" labelled appliances in EU households, a certain number of retail outlets which have large shares of energy-efficient equipment in their sales, or a certain number of low-energy light bulbs per household.

– ***Environmental effectiveness and costs***

The Campaign for Take Off and Public Awareness Campaign are support functions. As such, quantification of their effects is difficult. Based on experience from similar campaigns, however, the effects can be considerable. In the same fashion as the Campaign for Take Off for renewables, and in combination with it, the campaign for energy efficiency will generate private investment using limited public funding.

– ***Time-table***

The Commission intends to present a proposal in 2002.

2.3. 3rd Section – Transport

The White Paper on a Common Transport Policy[16] contains some 60 measures to be taken at Community level, several of which will contribute to the reduction of greenhouse gas emissions by 2010.

Measures to be included for the transport sector in consistency with the White Paper:

2.3.1. Proposal for shifting the balance between modes of transport

Background

Greenhouse gas emissions from the transport sector, with the trends of the last years continuing, are projected to grow by about 50% between 1990 and 2010. Road transport alone presently represents 84% of all transport related CO2 emissions. Air transport is the mode with the highest growth rate in greenhouse gas emissions. A modal shift from road and air to the cleaner modes of transport of railways and waterways therefore has highest priority for curbing the growth of greenhouse gas emissions from the transport sector.

Commission action

16 COM(2001) 370

A package of actions should ensure that the growth of the road sector is curbed and the modal split of 1998 is again recovered in 2010. The main actions aim at

- Revitalising the railways, with a package of measures on market opening, safety improvements, interoperability strengthening, and service quality assurance, foreseen to be submitted by the Commission by the end of 2001.

- Improving inland waterway transport through standardisation of technical requirements, harmonisation of certificates, harmonisation of working conditions, all with Commission proposals in 2002.

- Promote short sea shipping by improving the quality of port services and developing the infrastructure needed for the creation of sea motorways.

- Promoting intermodality through a new support programme (Marco Polo) for alternative solutions to road transport to be established in 2003 and a new Community framework for freight integrators and standardisation of transport units and loading techniques to be proposed by the Commission in 2003.

– ***Environmental effectiveness and costs***

A large number of local or company based schemes of intermodality and logistics improvements have resulted in reductions of CO2 emissions of up to 50% in certain sectors. Extrapolation to EU-wide applications offers a large reduction potential.

2.3.2. Proposal for improvements in infrastructure use and charging

Background

Congestion reduces the efficiency of transport and unnecessarily also increases greenhouse gas emissions. Reduction of congestion therefore can contribute to reducing CO2 emissions. Transport prices do not reflect the full costs and they are unequally treated for the different modes. Further integration of external costs and fair and balanced pricing among the modes should contribute to control transport growth overall and re-balance the modal shift.

Commission action

- A framework directive on the principles and structure of an infrastructure-charging system and a common methodology for setting charging levels and cross financing will be proposed by the Commission in 2002.

- Uniform fuel taxation for commercial road transport will be proposed by the Commission in 2003.

– ***Environmental effectiveness and costs***

Working Group Transport of the ECCP has identified a potential of 40-60 Mt/y reduction in CO2 emissions through measures on improvement in infrastructure use and charging.

2.3.3. Promotion of the use of biofuels for transport

Background

The fundamental objective is to provide for a Community framework that would foster the use of biofuels for transport within the EU. It follows up on the objectives highlighted by the White Paper for a Community Strategy and Action Plan on Renewable Sources of Energy in 1997.

Commission action

– ***Main elements of the proposals***

With regard to a first Directive proposal, the Commission is examining whether to impose an obligation on Member States to introduce legislation and to take the necessary measures to promote an increased share of biofuels in transport. The measures taken to reach certain targets could be set out in an annual report to be submitted to the Commission by the Member States.

With respect to a further proposal for a Directive, the Commission is examining the possibility to allow Member States to apply derogation from excise duty on certain mineral oils containing biofuels and on biofuels.

– ***Environmental effectiveness and costs***

The forecasts contained in the Green Paper on security of supply[17] indicate a possible energy saving of diesel and gasoline of around 17.5 Mtoe by 2010. This would result in a saving of CO2 emissions of about 35-40 Mt, at a cost of €100 per tonne.

– ***Time-table***

The proposal for a Directive on the promotion of biofuels in the transport sector is expected to be adopted by the Commission in the second half of 2001.

2.4. Industry sector

2.4.1. Proposal for a Framework Directive on Fluorinated Gases

Background

The fluorinated gases only account for around 2% of overall EU greenhouse gas emissions, however they have a high "global warming potential". In fact they are forecasted to rise from 64 Mt CO2 equivalent in 1995 to around 96

[17] COM(2000)769 final

Mt CO2 equivalent in 2010. This trend is unsustainable and a number of measures were proposed by the ECCP that should be implemented at the EU level to reduce emissions and to improve monitoring. The main sectors responsible for this situation are the ones of refrigeration and air-conditioning.

Commission action

– ***Main elements of the proposal***

The Commission considers it would be appropriate to develop these policy recommendations further as part of a Framework Directive on fluorinated gases aimed at reducing emissions across all sectors. The Directive would be designed to complement action being taken by Member States concerning the containment and monitoring of fluorinated gases. The promotion of the development and use of alternative and not-in-kind technologies will also be taken into further consideration.

Key elements of the proposal for a Directive would include:

containment – requiring all practicable measures to be taken to minimise emissions at design, manufacture, installation, operation and disposal of equipment;

monitoring – requiring producers, importers, exporters and certain users to report annually on quantities of fluorinated gases being placed on the market, exported and used;

marketing and use restriction for –certain uses of fluorinated gases.

– ***Environmental effectiveness and costs***

Based upon the broad analysis produced for the ECCP the costs are estimated to be around €20 per tonne of CO2 equivalent with emissions reductions in the order of 21 Mt CO2 equivalent per year by 2010.

– ***Time-table***

The Commission expects to finalise its proposal in the first half of 2002.

3. THE ECCP – THE NEXT STAGE

This Communication highlights a number of important actions to be undertaken over the next years. However, the emission reduction effects of these measures are unlikely to be sufficient to meet the Kyoto target of –8%. It is therefore essential to examine additional measures. These shall be selected from the 42 measures identified by the ECCP, taking into due account policy orientations already developed by the Commission. In this context, the Commission will continue to assess the environmental and economic impact that policies and measures will have, particularly on the competitiveness of the EU industry.

Measures that could be candidates for further Community action but which will need more detailed elaboration of their emission reduction potential and cost-effectiveness include:

- Initiative on the promotion of heat production from renewable energy;
- E2MAS energy audit and management scheme;
- The Motor Challenge Programme Initiative;
- Environmental agreement with car industry on Light Commercial Vehicles;
- A framework for fiscal measures for passenger cars as set out in the Community strategy aiming at an emission target of 120g CO_2/km;
- Follow-up after the 'Bonn agreement' on issues related to forestry policies that enhance carbon sequestration through afforestation, reforestation and forest management;
- Establishment of a framework for project-based mechanisms.

This means that instead of a sectoral approach used in the first phase of the ECCP, now a more issue specific approach is being chosen. Technical meetings with stakeholders will be arranged in a flexible and problem-orientated way.

Those activities are going to be co-ordinated by the ECCP Steering Committee, in which all relevant Commission Directorates General are represented. A follow-up report, similar to the one of June 2001, will be prepared by the end of 2002.

LEGISLATIVE FINANCIAL STATEMENT

Policy area(s): Energy

Activit(y/ies): Public Awareness and Information Campaign on Energy Efficiency

TITLE OF ACTION: PUBLIC AWARENESS CAMPAIGN(PAC) AND CAMPAIGN FOR TAKE-OFF (CTO) FOR ENERGY EFFICIENCY

1. BUDGET LINE(S) + HEADING(S)

B4-1031:SAVE

2. OVERALL FIGURES

2.1. Total allocation for action (Part B):

2.8M€ for commitment

2.2. Period of application:

2001 -2004

2.3. Overall multiannual estimate of expenditure:

(a) Schedule of commitment appropriations/payment appropriations (financial intervention) *(see point 6.1.1)*

€ million (*to three decimal places)*

	Year 2001	Year 2002	Year 2003	Year 2004	[n+4]	[n+5 and subs. Years]	Total
Commitments	0.14	2.54		NIL			2.68
Payments	-	1.0	1.0	0.68			2.68

(b) Technical and administrative assistance and support expenditure*(see point 6.1.2)*

Commitments	0.06	0.06					0.12
Payments	0.02	0.06	0.04				0.12

Subtotal a+b							
Commitments	0.200	2.600					2.800
Payments	0.02	1.06	1.04	0.68			2.800

(c) Overall financial impact of human resources and other administrative expenditure
(see points 7.2 and 7.3)

Commitments/ payments	0.033	0.033	0.033	0.033			0.132

TOTAL a+b+c							
Commitments	0.233	2.633	0.033	0.033			2.932
Payments	0.053	1.093	1.073	0.713			2.932

2.4. Compatibility with financial programming and financial perspective

proposal is compatible with existing financial programming.

2.5. Financial impact on revenue:

Proposal has no financial implication

3. BUDGET CHARACTERISTICS

Type of expenditure **All through SAVE programme.**		**New**	**EFTA contribution**	**Contributions from applicant countries**	**Heading in financial perspective**
Non-comp	Diff	NO	YES	YES	**No 3**

4. LEGAL BASIS

Decision 647/2000/CE SAVE.

5. DESCRIPTION AND GROUNDS

5.1. Need for Community intervention

5.1.1. Objectives pursued

The proposal will provide for the dissemination of information on demand management, provide benchmarks and indicative targets for decision-makers and

planners and allow for the monitoring of progress against agreed quantified and measurable targets. It will also focus the attention of stakeholders on important issues in the field of energy efficiency. The campaign aims in addition to disseminate the results of pilot actions from Community programmes and spread best practices. The campaign will be run in parallel with the existing renewables Campaign for Take Off and will reinforce it. It will also use expertise gained from the renewables Campaign for Take Off. Evaluation will measure impact of campaign on behavioural change, recognition, etc.

5.1.2. Measures taken in connection with ex ante *evaluation*

Will use renewables evaluation methodology, i.e. awareness and attitudes before and after campaign.

5.2. Action envisaged and budget intervention arrangements

– *the target population:* ***Many businesses, municipalities, universities, branch organisations, etc. will participate.***

– *the specific objectives set:* ***To reach targets and disseminate information and best practices; to focus attention on energy efficiency and on the targets, while increasing public awareness and highlighting results attained in different sectors..***

– *the concrete measures:* ***Contracts will be signed with participating partners to carry out actions to reach technology diffusion targets.***

– *the immediate outputs of each action:* ***The effect on energy efficiency will be measured. Intermediate measures include surveys of stakeholders who have been impacted by the Campaign for Take Off.***

– *the expected outcomes:* ***Ultimate objective is to meet targets and thus improve energy efficiency in the EU.***

5.3. Methods of implementation

Direct management by the Commission will be used to implement the planned actions using both regular and outside staff. Management will be shared with Member States - national, regional and local authorities, using some consultant services. Payments will be made for information material amd its design, preparation and distribution

6. FINANCIAL IMPACT

6.1. Total financial impact on Part B - (over the entire programming period)

6.1.1. Financial intervention

Commitments (in € million to three decimal places)

Breakdown	2001	2002	2003	2004	[n+4]	[n+5 and subs. Years]	Total
Partnership	0.140						
TOTAL	0.140	NIL	NIL	NIL			

6.1.2. Technical and administrative assistance, support expenditure and IT expenditure (commitment appropriations).

	2001	2002	2003	2004	[n+4]	[n+5 and subs. years]	Total

1) Technical and administrative assistance							
a) Technical assistance offices	0.040	0.040					0.08
b) Other technical and administrative assistance: - intra muros: - extra muros: *of which for construction and maintenance of computerised management systems*	0.020	0.02					0.04
Subtotal 1	0.060	0.06					0.12
2) Support expenditure							
a) Studies							
b) Meetings of experts							
c) Information and publications							
Subtotal 2							
TOTAL	0.06	0.06					0.12

6.2. Calculation of costs by measure envisaged in Part B (over the entire programming period)[18]

Commitments (in € million to three decimal places)

Breakdown	Type of outputs (projects, files)	Number of outputs (total for years 1…n)	Average unit cost	Total cost (total for years 1…n)
	1	2	3	4=(2X3)
	Partnerships	*20*	*0.134*	*2.680*
TOTAL COST				2.68

7. IMPACT ON STAFF AND ADMINISTRATIVE EXPENDITURE

7.1. Impact on human resources

Types of post		Staff to be assigned to management of the action using existing and/or additional resources		Total	Description of tasks deriving from the action
		Number of permanent posts	Number of temporary posts		
Officials or temporary staff	A B C	0.3		0.3	Co-ordination of contracts and participants, evaluation of and contact with consultants.
Other human resources					
Total		0.3		0.3	

[18] For further information, see separate explanatory note.

7.2. Overall financial impact of human resources

Type of human resources	Amount (€ million)	Method of calculation *
Officials Temporary staff	0.03	0.3 * 0.108 = 0.033
Other human resources (specify budget line)		
Total	0.03	0.033

The amounts are total expenditure for twelve months.

7.3. Other administrative expenditure deriving from the action

Budget line (number and heading)	Amount €	Method of calculation
Overall allocation (Title A7) A0701 – Missions A07030 – Meetings A07031 – Compulsory committees A07032 – Non-compulsory committees A07040 – Conferences A0705 – Studies and consultations Other expenditure (specify)		
Information systems (A-5001/A-4300)		
Other expenditure - Part A (specify)		
	NIL	NIL

The amounts are total expenditure for twelve months.

I.	Annual total (7.2 + 7.3)N.A.	33000€
II.	Duration of action	4 years
III.	Total cost of action (I x II)N.A.	132000

8. FOLLOW-UP AND EVALUATION

8.1. Follow-up arrangements

To be determined.

8.2. Arrangements and schedule for the planned evaluation

Details to be determined, based on Campaign for Take Off for renewables.

9. ANTI-FRAUD MEASURES

Normal tendering and contractual routines and checks.