

COMMISSION OF THE EUROPEAN COMMUNITIES

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AN INTENSIFICATION OF THE COMMUNITY'S PROGRAMME FOR ENERGY SAVING

(Communication by the Commission to the Council)

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AN INTENSIFICATION OF THE COMMUNITY'S PROGRAMME FOR ENERGY SAVINGCommunication by the Commission to the CouncilI. Progress so far

1. The Commission believes that the size of the shortfall now foreseen for the production of energy from indigeneous sources, and the difficulties which stand in the way of any new acceleration, especially in nuclear energy, justify a major effort to intensify the Community's programme for energy saving. In fact, a failure to reduce the Community's requirement for imported energy together with growing requirements from elsewhere in the industrialized and in the developing world, will very probably result in price increases which will force energy saving both by conservation and by reduced economic growth. By taking more vigorous action now, the Community, together with the rest of the industrialized world, can hope to increase the margin for economic growth consistant with orderly developments in world energy markets.
2. During the past two years, the Commission's services and groups of experts nominated by the Member States have examined together the twenty-two action areas in the programme for the rational use of energy, adopted by the Council of Ministers in its Resolution of 17 December 1974.
3. The Council of Ministers has already adopted five recommendations. A series of technical reports have also been produced by the expert groups and the Commission intends a wide distribution for them after suitable editing. Some, but not all, of these expert groups will need to continue their work, to obtain the full benefit from what has been already achieved.

4. The Community's programme draws heavily, of course, on the experience of Member States. That experience is by no means uniform, but as a generality it can be said that most Member States have relied mainly on the price mechanism, backed up by suitable publicity and information campaigns. Specific actions have also been adopted, especially for new construction in the domestic, and to a lesser extent, in the tertiary sector. Some Member States have extended their action to a programme of incentives and standards in the industrial sector. However actions in other sectors which should contribute an important part of the total savings to be obtained have developed more slowly - for example in the transport and energy industry sectors (1).
5. It is difficult to estimate what energy savings have already been obtained, since recent developments in energy consumption have been strongly influenced by cyclical variations in economic activity and in the climate. Most estimates agree that, for the Community as a whole, the reduction obtained in energy consumption due to decisions originating within the Member States themselves is small, probably no more than about a half at most of the total reduction of about 7% in energy requirements per unit of GNP, observed between 1973 and 1976.
6. In fact, energy saving has yet to make much of an impact on those whose decisions shape the future course of demand, but whose principal motivations lie elsewhere. The problem has been clearly put by governments to house-holders and to private enterprise. It has been less clearly posed within government administrations, and energy saving considerations have so far played little part in the formation of general economic policy, fiscal, industrial, transport and environment policy, and policies for urban development and renewal.

(1) It is worth remembering here, by way of illustration, the estimates given by the Commission in 1974 for the savings to be made by each sector through the rational use of energy programmes twenty-two actions, up to 1985 :

- domestic and tertiary	: -18%	- transport	: -16%
- industry	: -15%	- energy industry	: - 6%
- overall saving on inland consumption	: -15%		

7. A large part of the explanation is that, while a much better understanding now exists of practical ways to save energy, the big questions are still unanswered :
 - i) In what areas will efforts to conserve energy give the best returns in practice ?
 - ii) Is it enough to rely mainly on the price mechanism backed up by suitable publicity and information campaigns ?
8. With the development of a better understanding about the consequences for the Community of different balances of energy supply and demand in the future; and a more extensive statistical and experimental basis for cost-benefit analyses, to judge how much energy will be saved, and at what cost, by each of the actions under consideration, the answers to these questions will emerge more clearly.
9. The results of the energy R&D programme for energy conservation adopted by the Council on the 22nd August 1975 will also begin to have a positive impact during the next few years.

II. The next steps in the Community's programme

10. A prime activity for the Member States and the Commission must be to generate and to support a more active public debate about possible futures for energy supply and demand, and thus to set the European and worldwide context in which particular proposals will be discussed. The present economic crisis is much discussed, but the coming energy problems are worth at least as much attention.
11. We must also reinforce the statistical and experimental basis for judging how much energy can be saved, and at what cost. Developing reliable and representative data on the basis of experience in Member States is a medium-term exercise, slow to give results, but essential if a major investment effort is to be mounted to conserve energy. The purpose would be to

permit the fixing of guideline objectives for the reduction of energy consumption in terms of the global balance of benefits and costs to society as a whole. This would be an extension and deepening of existing practices, such as the fixing of the medium-term "-15%" target for reducing energy requirements by 1985, adopted by the Council of Ministers in 1974.

12. The fixing of sectoral guidelines must take account both of the degree of waste at existing levels of economic activity and with existing standards of comfort and convenience, and the need to provide for continued economic growth and some rises in standards of comfort and convenience, particularly at the lower end of the spectrum.

13. Areas where rapid conclusions should now be sought are :

- i) the energy requirements for residential, industrial and commercial space heating, the implications for thermal insulation and for the associated materials and construction industries;
- ii) the motor vehicle industry : in particular measures to standardise the measurement of fuel consumption, to achieve lower fuel consumption and longer vehicle life;
- iii) the electrical appliance industry, in particular the domestic appliance industry, to determine standard measures of energy consumption, to reduce energy consumption and to increase the durability of appliances;
- iv) energy transformation, particularly the reduction of waste during the production of electricity, and the production of combined heat and power;
- v) the possibility of further savings in selected energy-intensive industries.

This work, to be sufficiently grounded in reality will have to be undertaken in the closest and most direct contact with the industries and professional associations concerned. Potential conflicts may exist between other policy considerations, such as environmental or social policy, and energy saving, for which a balanced solution must be found.

14. The Commission also takes the view that the Community should assist in the financing of selected demonstration projects, the results of which would be made available to all Member States on a non-discriminatory basis. Without waiting for further research and development, demonstration projects should be encouraged for the following :

- i) heat pumps,
- ii) heat recovery,
- iii) the combined production of heat and power,
- iv) energy storage,
- v) selected projects for reducing waste in industry,
- vi) low energy houses.

The programme will need to be coordinated with national and Community R&D programmes. The Commission will shortly submit detailed proposals for Community demonstration programmes of this kind. Overlaps between the energy conservation R&D programme and the demonstration programme, must be avoided.

III. Drawing on the experience of member states.

15. The scale of the task ahead and the limited resources available suggests a major effort to pool the experience of individual Member States at the level of the Community. The experience to be shared is as much political as technical.

should therefore An Energy Saving Policy Committee be created at the highest official level, within the framework of the Energy Committee, composed of those members of national administrations directly responsible for the implementation of an energy conservation programme. The Committee could expect to meet, say, twice a year.

16. The functions of the Energy Saving Policy Committee would be :
- i) to pool the experience of individual Member States at the Community level, by examining, in particular, how administrations have mobilised the political, organisational and technical support necessary for energy saving programmes;
 - ii) to assist the Commission in the selection of the best methods of saving energy and to give policy impact to them ;
 - iii) to ensure the co-ordinated application of national efforts and to advise the Commission on the contribution the Community can make towards promoting national efforts.
17. Under the general direction of the Energy Saving Policy Committee, the present Steering and Co-ordinating Group of national experts on the rational use of energy should continue in existence to advise the Commission on detailed proposals and to guide the work of groups of experts in specific sectors. This should be done in close association with the Advisory Committee for the Management of the energy conservation R&D programme.

IV. Immediate Action

18. The Council of Ministers is asked to note with approval the programme of work described above, and the intention to create an Energy Saving Policy Committee, as described in § 15 and 16 above; and the priorities identified in § 13.
19. On the basis of the work already done by the groups of experts, the Commission intends to submit a series of proposals for concrete actions in time for adoption before the summer recess. They will cover:

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- i) The improvement of thermal insulation and the efficiency of heating installations in existing buildings. The programme should provide a significant number of employment opportunities over the next ten years and make a major contribution to the achievement of the Community's objectives for energy conservation. The programme would be based essentially on national efforts, with a supporting role for the Community as a whole;
- ii) Standards of installation and maintenance for newly installed heating systems;
- iii) The setting up of one or more national advisory bodies for energy saving, with specific responsibilities and the appointment of an energy manager in industrial and commercial enterprises where the scale of energy use justifies it.

