the communication from the Commission of the European Communities to the Council on new lines of action by the European Community in the field of energy saving (Doc. 217/79)

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A

The Committee on Energy and Research hereby submits to the European Parliament the following motion for a resolution together with explanatory statement:

**MOTION FOR A RESOLUTION**

embodying the opinion of the European Parliament on the communication from the Commission of the European Communities to the Council on new lines of action by the European Community in the field of energy saving.

The European Parliament,

- having regard to the communication from the Commission of the European Communities to the Council (COM(79) 312 fin.)¹,

- having been consulted by the Council (Doc. 217/79),

- recalling its earlier resolutions on proposals for energy saving, in particular on

  - immediate measures to alleviate the energy supply crisis in the European Community²,
  - appropriate medium- and long-term measures for the further alleviation of the energy supply crisis in the European Community³,
  - the communication from the Commission of the European Communities to the Council: 'Energy for Europe: Research and Development'⁴,
  - the first periodical report from the Commission of the European Communities to the Council on the Community action programme for the rational use of energy and draft recommendations of the Council (Doc. 314/76)⁵,
  - the proposals from the Commission of the European Communities to the Council for

    . a directive on the performance, maintenance and regulation of heat generators and the insulation of the distribution system in new buildings (Doc. 161/77)
    . a directive on energy savings from the modernization of existing buildings in the Community (Doc. 162/77) (Doc. 309/77)⁶

¹OJ No. C 208, 18.8.1979  
²OJ No. C 2, 9.1.1974  
³OJ No. C 40, 8.4.1974  
⁴OJ No. C 60, 13.3.1975  
⁵OJ No. C 259, 4.11.1976  
⁶OJ No. C 266, 7.11.1977
- the proposals from the Commission of the European Communities to the Council (Doc. 158/77) for
  I. a regulation on the granting of financial aid to demonstration projects in the field of energy-saving
  II. a regulation on the granting of financial support for projects to exploit alternative energy sources
     (Doc. 362/77)¹,

- the proposals from the Commission of the European Communities to the Council (Doc. 274/78) for
  I. a directive on the indication by labelling of the energy consumption of domestic appliances
  II. a directive applying to electric ovens the Council Directive on the indication by labelling of the energy consumption of domestic appliances (Doc. 671/78)²,

- the communication from the Commission of the European Communities to the Council on the energy objectives of the Community for 1990 and convergence of policies of the Member States (Doc. 211/79)

- having regard to the report of the Committee on Energy and Research and the opinion of the Committee on Economic and Monetary Affairs (Doc. /79),

1. Stresses the preeminent importance of conservation in energy policy;

2. Endorses the widely expressed view that practical action is absolutely essential both in the energy conservation sector and with regard to constant research into means of saving energy and the rational use of energy;

3. Does not underestimate the progress already made, but considers it inadequate;

4. Calls urgently for measures for immediate implementation;

5. Recognizes the stimulating effect that energy-saving measures can have on employment in many branches of trade and industry;

6. Considers that in the present circumstances there is a need for prescriptive measures which do not conform to the rules of the free market economy;

7. Stresses the need for action at Community level so as not to jeopardize convergence between the Member States;

¹OJ No. C 299, 12.12.1977
²OJ No. C 93, 9. 4.1979
8. Points out that Articles 100 and 235 of the EEC Treaty give the Community appropriate instruments for effective action;

9. Is convinced that further appeals to producers and consumers are not sufficient in themselves to effect the necessary changes, and may well be dismissed as lip service;

10. Therefore regards the Commission's proposal as inadequate and calls for its withdrawal;

11. Expects the Commission to draw up immediately a set of practical proposals for energy saving to enable measurable and tangible results to be achieved even in the short-term;

12. Supports the Commission in its insistence on the need for practical measures to be worked out;

13. Expects the Commission to take account of the following principles:

14. Community action must guide developments on the market;

15. The use of the price mechanism as the only steering device would entail considerable disadvantages for large sections of the population and must therefore be limited and supplemented by other means;

16. Energy savings must form part of a comprehensive policy for the diversification of energy sources and the development of new energy sources;

17. The need to find alternatives to oil must not be dealt with by giving electricity undue prominence on the heating market;

18. In working out practical proposals for industry, homes and small consumers, agriculture, the public sector and transport, the Commission should take account of the individual comments set out in the following explanatory statement;

19. More statistics must be made available to allow monitoring of progress and more research programmes must be set up to improve awareness of the potential for energy saving, and they must be constantly updated;

20. The Commission must keep the Council and the Parliament regularly informed of the current position in regard to energy saving.
EXPLANATORY STATEMENT

I. INTRODUCTION

1. The situation on the European Community's energy market in the 50's and 60's was marked by a steady increase in consumption. Because of cutthroat competition and the relatively low prices associated with it, awareness of the need to conserve energy was slow to develop.

2. The 'first' energy crisis of 1973 should have put an end to the old habits. Since then the European Community has pursued the objectives of energy saving, promotion of new sources of energy and more efficient use of the existing sources. The 'second' energy crisis of 1979 made it clear that the measures adopted since 1973 had not - or at least, not yet - produced the desired results. The Community's dependence on energy imports remained at a level comparable to that of 1973. However, it had not increased, despite economic growth of approximately 12% between 1973 and 1979.

3. The first result of the second energy crisis was that energy-saving was publicly declared a top priority, expressed in the slogan, 'Energy-saving - our most important source of energy'. In almost all the Member States the first leaflets appeared on ways of conserving energy, mainly in the domestic and transport sectors. The theme was quickly taken up in advertisements for insulating materials and the like; in some cases, the energy-saving potential claimed for the products concerned was astonishing. Taken literally, they would have meant that, by combining several measures, it would have been possible to achieve a saving far in excess of 100%; and here lay the campaign's first weakness: the risk of appearing ridiculous.

4. Requests to energy users to reduce consumption have been and still are rejected for a variety of reasons: there are those that argue that savings in their particular sector would not be worthwhile, since the saving involved would represent a relatively small percentage of total energy consumption. Others deny the need for a particular additional measure on the grounds that they are capable of achieving the most effective savings without it. If heeded, these two types of arguments, between them, could put paid to possible savings in the energy sector.

5. In this situation it is to the Commission's credit that it has drawn attention to the impending shortfall in energy supplies and instituted studies which give a quantitative indication of the savings that can be made even with existing technology. The Commission has already made a
number of minor proposals on energy savings (see references under A). On each occasion it has said that further proposals would be required and would follow. It has repeatedly warned that really effective measures would be unpopular. In particular, the study which it sponsored on low-energy growth (Saint-Geours report) stresses the urgent need for swift and constructive measures. Recently, in its communication on the Community's energy objectives for 1990 and convergence of policies of the Member States (COM(79) 316 fin. - Doc. 211/79; Parliament's opinion, PE 60.211), the Commission has once again set out the objectives for energy saving and gone some way to providing a framework for the practical measures required.

6. To these documents must be added the Commission's communication to the Council on new lines of action by the European Community in the field of energy saving (COM(79) 312 fin. - Doc. 217/79).

II. OUTLINE OF THE COMMISSION'S COMMUNICATION

7. The Commission begins by saying that the present oil supply difficulties call for efforts to reduce oil consumption which must appeal to the individual's spirit of sacrifice and good citizenship.

8. It links the present proposal for a Council resolution with the Third Report on the Community's programme for energy saving and its communication on energy objectives for 1990. It states that the Community has already made relatively good progress, but further savings must be made each year. This, it says, will require changes in consumers' behaviour and sustained investment to allow energy saving technologies to penetrate the market more quickly. Such investment should 'provide an important stimulus to the development of new industries, products and services, and hence jobs'. The Commission assigns a key role to governments in the fields of pricing policies, investment, legislative measures and information and education. It takes the view that the implementation of energy saving measures is primarily the responsibility of the Member States, but should be directed towards a common objective, namely reduction of the ratio between economic growth and growth in energy requirements to less than 0.7 by 1990. One condition for this is that the Council should make a collective commitment to implement, by 1980, in all Member States, energy-saving programmes which are comparable in their effect. The results would have to be continuously compared and monitored. The Commission then proposes two new lines of action 'to avoid potential conflicts between Member States' measures, and with Community objectives such as the free circulation of...
goods and services:

- There should be negotiations at Community level with European car manufacturers on the fixing of voluntary indicative targets for the reduction of fuel consumption by cars and vans, and

- the work of international bodies concerned with the technical specification of standards related to energy consumption should be accelerated.

9. There follows the proposal for a Council resolution concerning new lines of action by the European Community in the field of energy saving. In it the Council is

1. to approve the objective of reducing the ratio between economic growth and growth in energy requirements to less than 0.7 by 1980;

2. to agree that the Member States should adopt energy saving programmes with comparable effects by 1980;

3. to invite the Commission to hold talks with the car industry with a view to achieving voluntary indicative targets for petrol consumption and accelerating the development of a standard method of measuring fuel consumption by vehicles;

4. to call for intensification of efforts to develop international standards for measuring energy consumption.

10. The Annex to the resolution contains the outline of a programme for saving energy recommended to every Member State, divided into

A. Energy pricing practices

B. Specific measures to encourage the rational use of energy.

The latter are set out under the following subheadings:

1. Energy saving in the home
2. - in industry
3. - in offices and commerce
4. - in transport
5. - Energy production
6. - Information and education
7. - Research, development and demonstrations.
III. EVALUATION
(a) Comments on the individual paragraphs

Ad 1)

11. The Commission's text gives as the sole reason for saving energy the 'present difficulties in oil supply'. However, to restrict the issue in this way to temporary oil supply difficulties and the Community's consequent vulnerability to blackmail in the external policy field is an unacceptable oversimplification; one essential factor is recognition of the fact that the necessarily finite resources of the finite world cannot continue to be squandered at the present rate with the attendant environmental consequences.

12. Another factor is the debate on the use of nuclear energy. Because of the unresolved element of risk the advocates of this source of energy recommend that it should be used only to the extent required to cover the 'shortfall' - still to be quantified - in energy supplies. This argument will only carry weight in the debate with the anti-nuclear lobby if, at the same time, all other means and especially energy conservation, are exploited to keep the shortfall as small as possible. After all, the Community has committed itself at international level to energy-saving objectives. Now that the USA in particular, after initial political and organizational difficulties, is on the way to making substantial percentage savings, the European Community must also adopt firm measures, if it is to preserve its credibility.

13. It must be emphasized - and this is somewhat unclear in the Commission's text - that it is perfectly feasible even with existing technology to adopt energy-saving measures which are not merely of a temporary nature, but valuable in the medium-and long-term. The crucial point, however, is that it is possible in our present state of knowledge to adopt a whole series of measures which will show results even in the short term.

Ad 2)

14. The progress noted by the Commission should not be underestimated. Of course, it is only a beginning and, compared with the level of savings required and also with the potential for such savings, it must be regarded as inadequate and too inconsistent. It must be borne in mind that, for example, the energy savings were partly accounted for by an economic growth that fell short of expectations. It follows that with the higher growth rates planned for the future, stronger action is called for. Furthermore, analysis of the results achieved so far reveals wide differences between the Member States (draft report on the communication from the Commission to the Council on the energy objectives of the Community for 1990 and convergence De.-hem.jdl/pb
of policies of the Member States - Doc. 211/79 - PE 60.211, and paragraph 40 of the explanatory statement). The distortions created could further discourage Member States from pursuing the declared goal of convergence.

Ad 3)

15. The Commission describes the progress achieved as relatively good. It regards higher prices as the main steering mechanism. Reasonable as it may appear to fix prices at least sufficiently high to cover the cost of replacement and at the same time provide a strong incentive to save energy, there is nevertheless a danger here: the soaring prices for sources of energy have already had the effect of turning some of them into luxuries. Such a trend is fundamentally at variance with the Community's social policies. The social consequences of price increases in the energy sector must therefore be taken into account. In view of the sharp increases in prices in the fuel oil sector, for example, some Member States have resorted to the device of a heating allowance. Such a scheme is open to criticism on two grounds: it produces more bureaucracy and forces those applying for the allowance into the role of suppliant. Similar problems have already arisen over housing allowance schemes. One solution which would allow the price mechanism to be used as an incentive to save energy while taking account of social factors would consist in introducing changes in the general tax scale.

Ad 4)

16. The Commission believes that the potential for saving energy is considerable. Both the study which it sponsored on low-energy growth (Saint-Geours report) and the third report on the Community's programme for energy saving speak of the possibility of achieving long-term savings of 15 - 30% in industry, 20 - 35% in transport and up to 50% in the domestic and tertiary sectors. The Commission should endeavour to provide more specific estimates and update them regularly. This is by no means impossible - as witness the existence of a series of - admittedly divergent - forecasts from economic and scientific sources. The Commission is certainly right in regarding changes in the behaviour of both consumers and producers as vital if the potential for energy saving is to be fully exploited. To those sectors in which the introduction of energy-saving technologies looks most promising should be added the agricultural sector. The Commission rightly stresses the high priority to be given to investment in future, because quite apart from anything else, it provides an opportunity to create urgently needed jobs.
17. When the Commission assigns a key role to the governments in creating the right economic, social and political conditions, one could be forgiven for assuming that the Community itself has only a small part to play in this field. It is, however, the Community as such that has accepted commitments at international level, for example, to limit oil imports, and has set itself the goal of convergence. What is more, some provision has already been made at Community level for emergency measures in the event of serious shortages, e.g. in Article 59 of the ECSC Treaty, for coal, and Chapter VI of the Euratom Treaty, for uranium. These objectives imply an obligation to take Community action to achieve energy savings.

18. While the need for investment is not in doubt, a constant watch must be kept on the effects it is having, so that appropriate corrections can be made where necessary. One instance will suffice to show the kind of distortions that can occur: the energy saving programme in Germany, which, with its insulation subsidies, has led to a boom on the double-glazing market and a sharp rise in the price of double-glazed windows, has produced comparatively little improvement where the insulation of outer walls is concerned.

19. In view of the objectives to be achieved by Community action, as set out in both the preamble and the individual articles of the EEC Treaty, and in view of the Community's international commitments, it is unsatisfactory to regard the implementation of energy-saving measures as primarily the responsibility of the Member States. It is quite clearly a fundamental responsibility of the Community. Moreover, the convergence of individual national policies towards a common objective, which the Commission itself proposes, necessarily implies that the measures to be adopted should be very largely determined at Community level. The objective of reducing the ratio between economic growth and growth in energy requirements below 0.7 by 1990 requires clarification. The ratio by itself says nothing about the quality of the economic growth desired or what the more efficient use of energy will entail. It is no more than a statistic which fails to provide the information required for a policy evaluation.

20. We endorse the Commission's remarks concerning the vital need for regular monitoring of the results of energy-saving measures. At the same time, it should not be forgotten that some results are already available to us, making it possible to adopt concrete measures now.
21. The Commission's proposal regarding negotiations with the European car manufacturers on the fixing of voluntary indicative targets for the reduction of fuel consumption in the automobile sector is inadequate. Behind this proposal lies the idea - indirectly promulgated by the motor industry - that competition alone is the best guarantee of results in regard to energy saving. We cannot accept this: experience from 1973 - the first oil crisis - to the present day has already shown that, in Europe's oligopolistic car industry, while some progress has been made, the decisive factors where competition is concerned are now, as always, of a different kind. This is borne out by the fact that, according to the Shell report, the potential for energy saving in the car sector is still estimated at between 25 and 35%. To take an example from the refrigerator market: a normal compression refrigerator uses approximately DM 80. -- worth of electricity per year. It seems that it has long been technically possible to make a refrigerator which would consume only half this amount of energy. But firms are not prepared to produce such a refrigerator, presumably because they fear the cost of conversion. However, they found such conversions perfectly possible some time ago when they began to produce extra-quiet absorption refrigerators which used twice as much current as conventional ones. Another lesson - to return to the automobile sector - can be learnt from the United States, where, after years of negotiation with the automobile industry, fixed savings percentages have been laid down for the future. This is a mistake we must avoid making. It is inadvisable to fix a given percentage of energy savings; instead, absolute targets should be set, to avoid discriminating between those firms that have already made efforts to save energy in the past and the others. Otherwise, the energy-conscious firms would be unfairly penalized.

22. The idea is not to strike at competition or fundamentally to change market economy structures, but merely to redefine the general conditions. The European Parliament has already, on several occasions, declared that efforts to save energy must be taken seriously. Speakers from various political groups have spoken of the need to fix targets for the market. On the basis of this consensus the European Parliament can regard the proposed negotiations as no more than preliminary steps towards determined action; otherwise it could be accused of merely paying lip service to the aim of energy conservation.
23. The Commission's proposal that the work on international standards should be accelerated is to be welcomed. At the same time, it is pointed out that there are already enough data on consumption to enable comparisons of consumption or savings to be made.

Ad 10)

24. On the whole the same applies to the proposal for a resolution as to the introductory remarks. One last point: the Commission should endeavour to make clear how the proposals for energy saving are related to the Community's energy policy objectives for 1990. As Parliament sees it, they can only be understood as implementing measures within a single framework. The target ratio of 0.7 in the Council resolution is a superfluous repetition of the energy policy objectives for 1990. The appeal to the Member States to adopt by 1980 energy-saving programmes with comparable effects must be made more specific and targets must be set concerning the content of the programmes and time-limits; 1980 is already upon us. Reports on the energy-saving efforts which have been made and the results achieved should be submitted not only to the Council but also to the European Parliament.

(b) Overall assessment and conclusions

25. Taken together, with the foregoing criticisms of the individual paragraphs of the Commission's text necessarily imply rejection of the proposal as inadequate. The European Parliament consequently calls on the Commission to withdraw its proposal and to replace it as soon as possible with a series of practical proposals for the achievement of the short, medium and long-term results that are already feasible. At the same time, research into energy-saving potential must be intensified. The European Parliament calls on the Commission to consider the following points when drawing up its practical proposals.

IV. GUIDING PRINCIPLES FOR AN EFFECTIVE ENERGY-SAVING POLICY

(a) Basic principles

26. The need for better utilization and conservation of energy is, in the view of the European Parliament, indisputable. These are the most important sources of energy that can and must be used in the short and medium term. They offer decisive advantages compared with the conventional approach to energy:
- greater security of supply;
- fewer environmental problems;
- positive effects on employment from investment in energy-saving and rational use of energy.

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The objection that is occasionally raised against such investment, and against investment in new energy sources, namely, that it is too costly and therefore uneconomic, can be countered in two ways. Firstly, investments must be made at a time when the necessary capital is available. If the Community were unable to make provision for substantial investments today, in 10 or 15 years' time it might no longer be materially possible and therefore too late. Secondly, costliness is relative, since it is a matter of freeing the Community from dependence on imports of oil - or other resources. Such freedom has a political, but not a market value.

27. Despite some progress in the last few years there is much to make up for in energy-saving. All must make their contribution - citizens, the public authorities and industry. Results in this field will require sacrifices - either financial, for investments in energy-saving schemes, or in the form of restrictions to curb our all too lavish approach to energy. Lastly, the question of the appropriateness of energy-saving measures must be considered, not least in relation to the dangers and risks associated with certain forms of energy.

28. Energy savings must not be effected solely by the price mechanism. This would particularly hit the poorest sections of the population. Prescriptions and prohibitions are called for when a substantial saving is aimed at, when it cannot be achieved by other means and when there is no risk of social injustice being caused. It is not a matter of excluding market forces and competition, but of providing guidelines.

29. Some measures have already been adopted or introduced for energy saving and the rational use of scarce and costly resources like oil, coal, gas, uranium, etc. But there are other proposals apart from these which must now be implemented.

30. The present political situation forces us to give a certain priority to the policy of doing without oil. However, this objective should not mean replacing oil with other forms of energy wherever possible, regardless of other considerations; rather, it should form part of a comprehensive policy for the diversification of energy sources, the development of new ones and the desired saving of energy;

31. On the whole it is not desirable to promote electricity to even greater prominence on the heating market in the form of direct heating. At all events, the use of electricity in the heating network should not be considered a reason for increasing capacity for electricity-production.

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32. A central issue in energy-saving policy is whether it also succeeds in limiting electricity consumption, in particular by curbing use of electricity for direct heating.

33. The European Community has two legal instruments for enforcing the implementation of an effective conservation policy: these are the approximation of legislation by means of directives pursuant to Article 100 of the EEC Treaty and the possibility of adopting measures pursuant to Article 235 of the same Treaty.

(b) Industry (including the power sector and appliance manufacturers)

34. As regards industry, including the power sector and appliance manufacturers, the crucial issue is whether the voluntary measures adopted already are sufficient or whether additional measures are necessary. The following measures should be introduced on a Community basis:

- a waste-heat levy on undertakings generating substantial amounts of waste-heat, to make them reduce these amounts or put them to better use;
- greater exploitation of low-temperature industrial waste-heat in public heating systems;
- full integration of industry’s own power plants in the public supply system;
- the building of more unit power stations for the production of heat and power;
- inspection of all existing power stations to ascertain whether their capacity can be usefully increased by application of the newest technology;
- production of operating cost-accounts showing the energy-cost factor separately;
- the introduction of standards to apply to manufacturers of appliances and encourage faster adaptation to the rapidly developing technical possibilities for reducing the fuel factor. The following are some examples:
  - type approval for domestic appliances;
  - rational methods of heating swimming-pools, saunas, etc., involving the use of alternative sources of energy (solar and geothermal heat) where electricity and oil are used at present;
  - restricting the installation of air-conditioning to places of work where it is needed;
  - the need for hot-water connection to be fitted on washing machines and dish washers so that area heating can be used where available.
35. It should be observed first of all that the category 'domestic, commercial and other users', to which is ascribed 44.6% of total energy consumption (in Germany), includes the following groups:

- all small concerns employing up to 20 workers
- all post-offices
- the entire military sector, among others.

Private households still account for 26.9%, a very considerable share, less than industry (34.8%) but more than transport (20.6%).

36. Many energy-saving - mainly investment type - measures will lead, even in the medium-term, to savings by the individual household in view of likely price trends. Aids for better utilization and for saving should therefore still be confined to:

- overcoming difficulties in regard to market penetration,
- grants to speed up results from investments.

37. Of prime importance for the domestic and commercial sectors are incentive measures (such as financial aids for the application of new energy-saving technologies) and effective advice and information on all possible ways of saving energy in the home. The following are therefore required.

- Inspection of buildings for heat-loss to protect owners and tenants from unnecessary heating costs.
  In particular, a way must be found for persuading landlords who get their heating costs, however high, repaid to them by their tenants to insulate their buildings.
- Intensification of the programmes to reduce heating in old buildings and to instal gas or diesel heat pumps and solar equipment in old and new buildings, together with measures for recovering heat.
- Raising the heat-insulation standards for new buildings (on the Swedish model).
- Introduction of minimum insulation norms and the creation of legal bases for the subsequent insulation of old buildings.
- Obligatory fitting of more accurate meters for measuring heat consumption.
38. In agriculture, too, present-day production techniques consume a great deal of energy. The following objectives should be pursued:
- promotion of methods of cultivation that save energy, generate energy and do not harm the environment;
- use of waste-heat for agrothermal systems wherever possible;
- promotion of the use of alternative sources of energy, such as straw-ovens, waste wood, recovery of heat from grain-drying and bio-gas installations;
- pilot schemes.

(d) Public authorities
39. A great many energy-saving measures require the direct cooperation of the public authorities. They should serve as examples of what can be done. They include:
- support for extensions to area-heating networks;
- introduction of operating cost accounts for public and publicly assisted buildings. The operating costs as well as the investment costs are to be taken into account at the planning stage;
- development of local energy-supply schemes prescribing the use of whatever is the most rational form of energy available, especially for space-heating, depending on population density and supplies.

(e) Transport
40. In the transport sector it is a question of using the mineral oil products - for which substitutes can be developed only in the long-term - more economically. Here it need only be pointed out that absolute maximum fuel consumption ratings must be laid down for private transport on the basis of improvements developed by the industry and substantial support given for public transport. It should be mentioned that an own-initiative report on energy savings in the transport sector is to be drawn up in 1980.

(f) Continual monitoring and updating
41. The European Parliament hopes that the Commission will not only draw up a series of practical proposals on energy saving, taking account of the above principles, and in addition submit research programmes on further energy-saving potential, but also continuously monitor the statistics on the energy-consumption situation in the Community and report to the Council and Parliament at regular intervals. At the same time, it is the Commission's task to update and revise existing energy-saving programmes and devise new ones on the basis of these reports and technological developments.