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Climate Alliance Statement: Future of the Intelligent Energy Europe programme

1. Role of Intelligent Energy Europe programme within Horizon 2020

The new financial instrument Horizon 2020 combines the financial programmes for research and innovation. Its section on „secure, clean and efficient energy“ should include the elements of the current Intelligent Energy Europe –programme (still not explicitly mentioned in the Horizon 2020).

The Horizon 2020 has a scientific and technical focus and therefore Climate Alliance and its members are concerned that essential ‘non-technological’ work funded by the Intelligent Energy Europe programme would no longer be included in this new programme. Networking, capacity building, development of innovative management models and financing schemes in the fields of climate and sustainable energy should not be overlooked.

Climate Alliance, in its [amendment proposals](#) sent to the members of the European Parliament in June 2012, highlighted the need of introducing explicitly the key elements of the IEE Programme within the Horizon 2020 Framework programme. A separate sub-programme with its own identity (similar to the IEE programme) with a focus on sustainable energy policy, capacity building and mobilizing financing, should be included in the Horizon 2020 (under chapter 3: Secure, clean and efficient energy). This sub-programme should be managed by DG Energy and its priorities should be defined together with relevant stakeholders. A specific budget should be assigned for this sub-programme with the amount of 1 billion euros for the period of 2014-2020.

2. Focus of the new Intelligent Energy Europe – programme

Support to ambitious EU policies

The Intelligent Energy Europe programme should essentially support existing EU policy, create and enhance capacities for enabling policy implementation and ensuring the use of efficient financing mechanisms. As highlighted by the European Commission, this means a more integrated approach for finding solutions to existing problems, such as renewable energy storage. However, finding solutions should not be restricted to the technical ones. If we want to change the current energy system, solutions require engaging people: this is needed for example for both stimulating small scale energy production with renewables as well as for creating acceptance for large scale renewable projects.

Therefore the new Intelligent Energy Europe - programme should not fund development of new technologies but increase knowledge and build capacities to deal with new technology, new policy and greater demands for energy efficiency and renewable energy. Quite some funding is already

available for technology, but funding for structural changes and finding ways of implementing such change is scarce. It is important to finance 'the way to do things'. For example in relation to renewable energy it would be important to support development and diffusion of methodologies which allow assessing quickly local potential for renewable energy, rather than look at sectors and support thematic actions tackling for example pv or biomass.

Strategic and integrated approach

The IEE should have a clear focus on local and regional energy action. Local and regional authorities can apply an integrated approach providing multiple benefits for energy policy but also social inclusion and green growth. Capacities also at the regional level should be increased, as the regional level can create sustainable support structures that enhance local work.

"For a transition to a CO₂ neutral society we have for the moment enough technical solutions. Also financing for the first years should not be a problem. But we do have problems to organize this transition. Politicians might take short term decisions (that are in contradiction to a long term vision) and companies only invest in energy efficiency if the payback period is less than 2 years, because it is not their core business.

Therefore we would plead for regions to have an integrated approach with long-term goals (e.g. mobility combined with urban planning) and with monitoring results (through indicators during execution). This strategic planning costs a city a lot of money. However, it could mobilize all parties in a region to go towards the right direction. Such strategic planning also makes it easier to assess financing needs and see where financial barriers exist." *City of Ghent, Belgium*

Securing long term financing has been identified by the members of Climate Alliance as the most crucial issue related to ensuring the implementation of long term strategies such as Sustainable Energy Action Plans (SEAPs). As the funding is scarce, the funds need to go to projects that are effective and replicable – and subjected to real planning. In order to ensure that the financing is going towards such projects, the SEAPs prepared in the context of the Covenant of Mayors could be used as a 'passport' for funding. Sustainable Energy Action Plan could serve as an important award criterion for receiving EU funding, as the SEAP is evaluated by the Joint Research Centre of the European Commission ensuring a strategy with clear actions and a defined CO₂ reduction target.

Towards 'green' economy

The Intelligent Energy Europe - programme is already a major contributor to the demand side management and has a positive influence on 'green economy'. There are already examples of cities working together with both big companies and local SMEs to reduce energy use and to use resource efficiency as a means for increasing competitiveness. However, more emphasis is needed to encourage cooperation between cities and private sector. Smart Cities and Communities funding tackles this with a limited number of 'flagship' projects. However, there is a great potential for creating partnerships with local authorities and private sector to tackle for example energy efficiency.

For example in Finland the six biggest Finnish cities – **Helsinki, Tampere, Turku, Espoo, Vantaa and Oulu** – have formed an unofficial climate network around the Covenant of Mayors with the aim of exchanging experiences and implementing together actions, which benefit from synergies between the six cities. Their work programme already includes a set of common actions and one of them is exploring partnership models with local business. The aim is to increase competitiveness of SMEs as well as reduce their emissions via efficiency and more sustainable working methods.

New forms of financing

One of the objectives of the IEE should be to facilitate investments and preparing bankable projects. Funding instruments such as revolving funds and energy performance contracting should be further investigated and the barriers for their use and success factors should be further examined. Also funding models such as cooperatives / initiatives where the citizens have been getting engaged and started to invest on renewable energy are increasing and should be further supported. It would also be relevant to make an inventory of the existing local funding instruments that are really delivering to further boost the energy agenda and develop and disseminate functioning funding schemes at the EU level.

Via the ELENA funding schemes the work with banks on local energy projects has started. However, there is much work to be done for finding common understanding with banks, creating business cases and building confidence. It is still difficult for local authorities to get funding for energy efficiency projects.

Thematic priorities

Thematic priorities should still be identified, but the overall approach should be more strategic and integrated.

The key priorities include:

- Energy efficiency¹ (planning; buildings; better understanding of obstacles related to implementing energy efficiency measures / projects)
- Decentralised energy system with renewable energy
- Urban transport / mobility

Within those priority areas focus should be on

- Building capacities for example via support services and guidance
- Methodology (methods related to energy planning for example mapping renewable energy potential, assessing costs and the effectiveness of SEAP measures etc.)
- Innovative financing models and instruments (without forgetting small scale solutions)
- New cooperation models

Efficient funding instrument

To ensure synergies with other funding programmes the application procedures and the reporting should be better aligned. The procedures should be streamlined and the administrative burden reduced. The performance indicators could be better linked with the EU policy objective with an aim of showing the effectiveness of the local projects as supposed to EU level / national targets.

Whilst synergies need to be ensured within procedures the identities and objectives of the different funding instruments included in the Horizon 2020 need to be clear. For example the Smart Cities and the Intelligent Energy Europe programme should have their own identities. With different focus and formats they both have significant influence on supporting EU energy policy objectives.

¹ For further details please see the Climate Alliance [response to consultation "Financial Support for Energy Efficiency in Buildings"](#)

In order to ensure a sufficient link between the energy policy implementation and the results of the programme, the IEE needs to be supervised by the DG ENER as the responsible Commission service on energy policy. Also the expertise and the experience gained by the EACI should be continued to be used.

3. Conclusions

The current IEE programme considers local authorities as an important target group in the field of sustainable energy and climate change mitigation. It finances the Covenant of Mayors initiative, the most successful European initiative related to sustainable energy. The Covenant of Mayors currently brings together more than 4000 local authorities, with 166 million European citizens, committed to reducing their CO₂ emissions at least by 20% by 2020. Already more than 1700 Sustainable Energy Action Plans (SEAPs) are being implemented throughout Europe. The IEE programme has also helped creating new financial tools such as ELENAs, which help cities to invest and implement their sustainable energy action plans. IEE has a significant role in stimulating local energy action, and its success should continue.

Related documents:

Climate Alliance [response to consultation “Financial Support for Energy Efficiency in Buildings”](#)

Climate Alliance [position paper on the EED](#)

[Climate Alliance](#)

The “Climate Alliance of European Cities with the Indigenous Rainforest Peoples” is the largest European city network committed to climate protection and preservation of the tropical rainforests. Climate Alliance has over 1,600 members from 20 European countries and helps them to achieve their voluntary commitments to reduce CO₂ emissions by ten percent every five years. Climate Alliance advises local authorities on the implementation of climate protection strategies and develops tools for monitoring energy consumption and CO₂ emissions.

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