

Eurofuel's Comments on the European Commission's Stock-Taking Document: "Towards a new Energy Strategy for Europe 2011-20"

Eurofuel is pleased to offer its comments to DG Energy's consultation exercise "Towards a New Energy Strategy for Europe 2011-20", based on the "stock-taking document" of 6 May 2010.

Eurofuel welcomes the initiative of both the Spanish Presidency and DG Energy in commencing the formulation of a new comprehensive Energy Strategy for Europe, for the period 2011-20.

Eurofuel's response is structured around DG Energy's "Stock-Taking Document". Eurofuel's remarks are also mostly confined to the areas of its expertise, namely domestic heating based on liquid fuels together with the incorporation of multi-energy renewables, with some comments also related to the industrial sector where process heat is used.

Eurofuel's Key Recommendations:

1. The focus of the new Energy Strategy 2011-20 should be on reducing Primary Energy consumption
2. In the building and heating sectors, the emphasis should be on reducing Primary Energy use in Europe's existing homes, via ensuring that best-practice contemporary technologies are installed
3. Binding energy efficiency savings commitments are more effective, and should be preferred over carbon tax mechanisms
4. Tradable renewable energy sources (RES), e.g. grid-based RES-electricity, and wood, pellets and pipeline-delivered biogas, should have a reasonable Primary Energy factor assigned to them, to ensure their eco-efficient use
5. The Energy End-Use and Efficiency Directive could be more effectively used or recast, to promote binding energy savings targets, based on Primary Energy.

1. Progress since the Energy Action Plan of 2007

- a. Eurofuel warmly acknowledges the progress made since 2007, in putting in place the framework for achieving the energy efficiency savings so crucial to meeting the European Commission's overall 2020 energy targets, e.g., the revised Energy Performance of Buildings Directive (EPBD), the revised Energy Labelling Directive and ongoing discussions regarding Eco-design of Energy-related Products [ErP].

However, the revised EPBD would have benefited from an agreed, EU-wide harmonised calculation methodology for determining renovation measures to existing buildings, and existing heating and cooling systems. A lack of harmonised EPBD implementation throughout the EU, effectively on a piecemeal regional basis, is not helpful for achieving the EU's

agreed 2020 energy goals, because the “economies of scale” and market penetration that a more harmonised approach would have facilitated, have not been taken advantage of.

Likewise problematic at the moment is the implementation of the **Eco-design** and **Energy Labelling Framework Directives** for the Boilers and Water Heaters “Lots”. Eco-design and labelling measures for ErP must be understandable and reliable, for all stakeholders involved along the supply chain, otherwise these measures will not achieve their potential.

A revised Energy Efficiency Action Plan, with associated National Energy Efficiency Action Plans to be submitted by Member States, should seriously consider putting in place mandatory targets, to ensure rapid and measurable progress. To deliver on the EU’s 2020 energy savings target, Member States’ energy efficiency savings should be measured in a harmonised way and clearly based on Primary Energy.

- b. The **Renewables Directive** has been especially important as a milestone in the implementation of the Climate and Renewable Energy (CARE) package of measures. However, Eurofuel - in common with many energy experts and stakeholders across the European institutions and in European trade associations - believes that increased adoption of renewable energy sources (RES) should not be at the cost of neglecting Primary Energy, and energy efficiency measures. RES standards should be EU-wide, rather than national or even regional, to maintain the internal market, and to promote a coherent market penetration of RES, and very efficient hybrid conventional energy-RES combinations.

Eurofuel suggests that a Primary Energy basis for all energy measures should be adopted as the building block. Tradable RES (e.g. grid-based RES - electricity, wood, wood pellets, etc) as opposed to gratis - once installed - RES (e.g. solar thermal, or non-grid PV) should have a reasonable Primary Energy factor assigned to them, on a reduced but similar basis to those assigned to conventional fuels. This is because all of these energy sources must be used as efficiently as possible, both environmentally and economically.

With regard to the RES Directive, and the EPBD Recast, there must be an economic, energetic and environmentally sound case established for constructing new energy networks (gas and electricity), especially in isolated/ rural communities. Electricity grid RES input claims must be regularly and strictly monitored, because of the knock-on effects of Member States’ claims regarding overall RES use via electricity consumption.

Also with regard to the revised EPBD and the RES Directive, an economic, energetic and environmentally sound case for the construction of new District Heating networks must be established in the urban communities where such networks might be feasible. Where renewable energy input claims are made for District Heating networks, these must be regularly and strictly verified, to ensure that such claims can be backed up.

- c. Eurofuel warmly welcomes the rules changes to **Cohesion Policy**, enabling further support investments in the period up to 2013 for Europe’s citizens, to encourage market penetration of technologies promoting energy efficiency and renewable energies.
- d. Eurofuel also welcomes the proposed **Regulation to strengthen Gas Security of Supply**; the lack of a coherent “level playing field” regarding the requirements placed on compulsory oil stocks compared to gas stocks has been an anachronism for some time, and addressing compulsory gas stocks is a very welcome and logical development.

2. Addressing Remaining Gaps and Shortcomings

- a. Eurofuel strongly supports a thorough, transparent examination of poor implementation of European energy legislation implementation.
- b. Eurofuel recommends making **Energy Efficiency legislation targets mandatory**, so that the implementation of such targets is taken seriously by Member States and regions. Binding energy efficiency measures would hopefully ensure that Member States compiled effective National Energy Efficiency Action Plans (NEEAPs), and subsequently complied with them.
- c. Eurofuel very much supports the implementation of **smart grids**, including an environmental component and an economic component, to facilitate consumers' choice of an eco-efficient electricity supply. It should also be noted that energy storage provided by stored heating oil, a stable and comparatively cheap autonomous high-energy density source in customers' tanks, is an excellent partner technology to smart grids. Stored heating oil energy at domestic house level assists the electricity grid to cope with fluctuating energy inputs from variable RES, such as wind and solar power.
- d. Eurofuel believes that the EU's investment in **Innovation** (getting good ideas to market), as well as Research & Technological Development (RTD), is crucial to Europe's energy strategy, in coping with the challenges of climate change, and Europe's need for economic renewal. Eurofuel is involved in some of the SET-Plan initiatives, and strongly supports the SET-Plan. The potential for the European Institute of Innovation & Technology (EIT) should also be fully grasped and taken advantage of.

3. Next Steps

- a. Eurofuel backs the vision of **eco-efficiency** being vitally important, i.e., reducing the amount of energy, and associated Greenhouse Gases, per unit output. This can be best attained by considering Primary Energy as the fundamental building block component of the EU's Energy Strategy.
- b. With regard to investing in Europe's energy, Eurofuel considers that the priorities should be firstly **energy efficiency** and secondly the development of **clean technologies**. The development of energy networks, production capacities, and transport capacities have to be subsidiary to, and follow the above two fundamental aims.

4. Key Issues

- a. **Implementation of Agreed Policies - Strong Focus.** As has been stated above, Eurofuel would strongly endorse this focus.
- b. **Full integration: long-term.** The energy strategy should be compatible with ambitious, but realistic aims for the EU by 2050. Rapid action now is better than waiting, and this often means firstly ensuring that the EU's citizens have best-practice efficiency heating systems installed in their homes, rather than outdated technologies. This translates as the following needs: (i) a level playing field for all energy sources and technologies; (ii) "carrots" not "sticks" for Europe's householders, especially those suffering from "fuel poverty", and that these "carrots" should be granted on an energy-neutral, Primary Energy gains basis; (iii)

Market-Based Instruments such as White Certificates backed up by binding energy saving commitments are to be preferred to any Carbon Tax element, e.g., within proposed revisions to the Energy Taxation Directive.

- c. **Consumer-oriented policies.** Eurofuel would strongly back measures to increase the take-up of smart meters, to facilitate the eco-efficient increased deployment of renewables, in conjunction with conventional energies. Eurofuel also strongly endorses easy-to-understand energy labelling of heating products, energy-related products and installed systems, and buildings, and looks forward to participating in further work with the European Commission in progressing the meaningful implementation of such measures for consumers, with all stakeholders in the heating supply chain.
- d. **Protecting the EU's citizens.** As has been previously referred to above, Eurofuel is a strong believer in the policy basis that Europe's citizens should be supported in their efforts to save energy, and should be assisted to do so via such schemes as White Certificates, via the Energy End-Use and Efficiency Directive, rather than those who are often least able to afford it being penalised by additional taxes such as the potential proposed instrument of a Carbon Tax. White Certificates have been very successfully used in France via the Ecofioul scheme (9 TWh savings, compared to a target of 5.4 TWh, during 2006-2009) in the sector of domestic heating oil systems, through the installation of higher efficiency boilers, combinations with hybrid renewables heating systems, and improved house insulation. Such schemes are underused in the EU at present, mirroring the frequent underuse of the Energy Services and End-Use Efficiency Directive.

Eurofuel looks forward to further constructive involvement with the European Commission in helping to formulate the new Energy Strategy for Europe 2011-2020, and would likewise welcome feedback comments from DG Energy and related DGs involved in this process. Eurofuel hopes that the enclosed comments are useful in attempting to push forward the Energy Strategy for Europe process, in order to expedite the achievement of the EU's energy "2020" aims.

For further information or clarification, please contact Michael Bennett (mbe@eurofuel.eu), Executive Director of Eurofuel, www.eurofuel.eu

Eurofuel

The European Heating Oil Association (Eurofuel) represents the national organisations which promote the use of heating oil (gasoil and kerosene), and research and technological development of sustainable bioliquids blends, in 10 European countries, including over 10,000 companies. Eurofuel is engaged in the development of common standards and innovative techniques for heating oil and equipment, primarily in the domestic market. Eurofuel's members are committed to ensuring the competitiveness and efficiency of heating oil and liquid fuels via promoting best-practice very efficient technologies, and reducing its environmental footprint via combinations with renewable energies such as solar thermal installations.

Eurofuel's Members

Austria: IWO-Austria, Institute of efficient oil heating systems, www.iwo-austria.at

Belgium: Informazout, www.informazout.be

Finland: The Finnish Oil and Gas Federation, www.oil-gas.fi

France: Chauffage Fioul, www.chaleurfioul.com

Germany: IWO-Institute for economic oil heating, www.iwo.de

Republic of Ireland: OFTEC (Oil Firing Technical Association), www.oftec.org

Luxembourg: Mazout-info Luxembourg ASBL (M.I.L.), www.mazoutinfo.lu

Norway: Norwegian Petroleum Industry Association (NP), www.np.no

UK: OFTEC (Oil Firing Technical Association), www.oftec.org

Switzerland (Associate Member): Union Pétrolière, www.erdoel.ch

UPEI (Associate Member): Union Pétrolière Européenne Indépendante, www.upei.org