

Evening debate Energy for Cohesion

On behalf of EREC & its members, the European industry, trade and research associations I would like to welcome you to the REH – a model showcase for renewable energy and energy efficiency technologies & their integration into a 120 year old building

Headquarter for RES issues in Bxl – 45 people from 14 countries for issues related to renewable energy

Particular pleasure to welcome Ms. Constanze Krehl, MEP, Member of the Committee for regional development who has accepted our invitation to chair the meeting today

Representatives from the European Commission DG TREN, DG Agri, DG Research

Representatives of IEEA who has co-financed the European project Energy4Cohesion which focuses on RES & energy efficiency project within structural funds in the context of the Lisbon Agenda in the framework of which this evening debate is organized tonight

Last but not least representatives of regions – we are happy that you found the time to join us tonight despite the many events organized in the framework of the Open Days

The main focus during the upcoming programming period 2007 – 2013 of the Structural Funds lies on the Lisbon Criteria (sustainability, employment and economic growth), which are directly addressed by renewable energy sources and energy efficiency projects. Such projects contribute to economic development (15 billion € annual turnover), create jobs (300.000 in the sector in Europe already today) and contribute to environmental protection. RES offer solutions for electricity generation, heating & cooling as well as biofuels for transport.

We have prepared a balanced programme of speakers from the European institutions as well as regional examples of sustainable energy projects co-financed by structural funds and – at the end of our debate – a dinner buffet is waiting for you upstairs to provide you with renewable energy.

Speech Thorsten Böhm, Christian Epp, WIP

Dear Ladies and Gentlemen,

I speak to you on behalf of WIP, a Munich based consulting company which since more than 25 years offers services in various fields of renewable energies and the Energy 4 Cohesion project consortium. "Energy 4 Cohesion" is funded under the Intelligent Energy - Europe Programme. E4C strives to lay the ground for the extended use of European Structural Funds for renewable energy actions in the rural regions of Europe.

With this approach E4C gives credit to the immense environmental, social and economic benefits renewable energy actions can bring to the rural regions of Europe which face various economic problems in a globalised world. Two of my colleagues will later tonight highlight these benefits on two concrete Best Practice examples in the Czech Republic and in Slovakia. For this reason I would like to focus my short introduction to the prevailing framework conditions for RE in the Programming Period between 2007 and 2013.

E4C has undertaken a complete survey of the current state of planning for Structural Funds on European level in 8 Member States and scrutinised the suitability of the expected settings for renewable energy actions. I would like to briefly share some of these results with you.

It is obvious that Renewable Energies will have a prominent place in the Cohesion Policies after 2006 – respective priorities have been formulated by the European Commission and by the Member States. To our view the success of these strategies will now strongly depend on the implementation at national and regional level.

Firstly, a transparent and well managed programme structure in the MS will help new renewable energy projects a lot, since these technologies often are promoted from small and remote actors who do not directly take part in the decision making process.

Moreover, the financial threshold for Structural Funds applications has to be well adapted to the needs of renewable energies. This means in the first place that the investment sizes of a project should also be possible below 3 Mio Euro. Otherwise complex bundles or linking structures are required between specific projects. And the access of small scale on- site projects to the funding source would be prevented. Furthermore, additional funding sources must be provided for the project pre- feasibility and feasibility work.

We also would like to mention that clear definitions for renewable energy actions are required. For biomass projects e.g. one criteria should be that the used biomass resources derive from the specific region. Such a criteria stands against co- firing projects above a certain size because for those international trade of biomass commodities are required and the development benefits for the specific region are significantly reduced.

The RE actions funded in the on- going programmes suffer from a very late transfer of the funding money what makes the financial engineering of the project rather difficult to handle.

Positively, we would like to mention that several programme outlines include the funding of technology producers. We strongly welcome this priority since in the long run the extended use of regional renewable energy resources is only possible with own domestically produced technologies. Furthermore, these well adopted regional technology productions bring a major contribution to Europe's competitiveness in the world and in this way contribute to our Lisbon Targets.

So we can conclude that a start was made for the extended use of renewable energies for fulfilling the European promise to Cohesion and sustainable development. Yet, a lot is still to be done. Our project E4c will bring a certain contribution on European, on national and regional level. But more is needed.

BIOMASS FOR HEATING OF PUBLIC FACILITIES IN BANSKA BYSTRICA REGION

Pilot project

Juraj Zamkovsky

Friends of the Earth-CEPA

CEE Bankwatch Network

SF Team for Sustainable Future



Overall objective

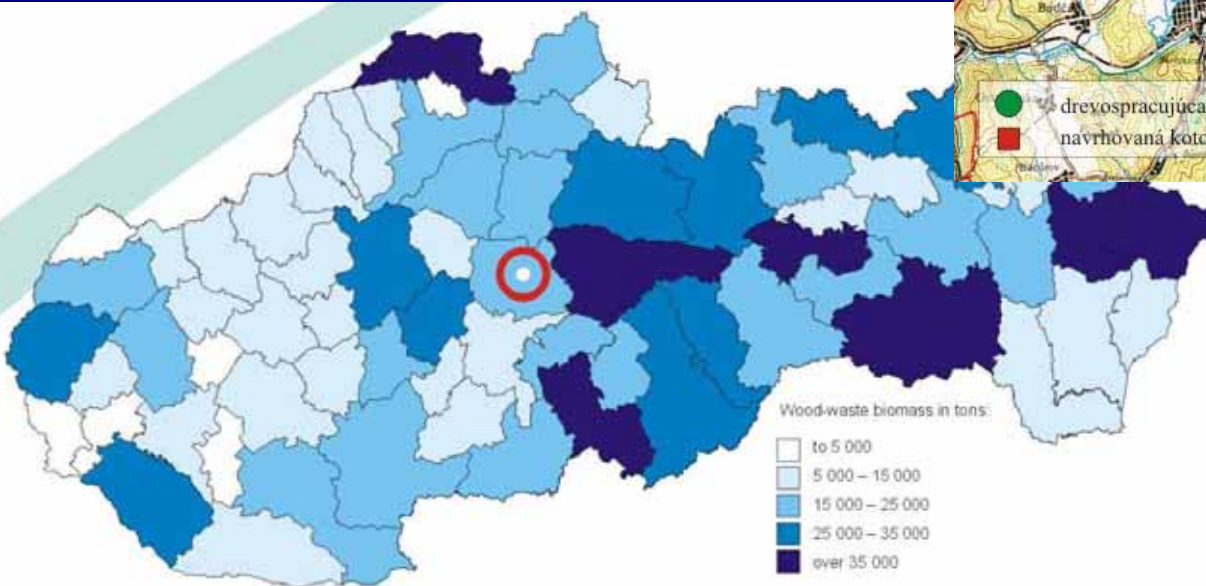
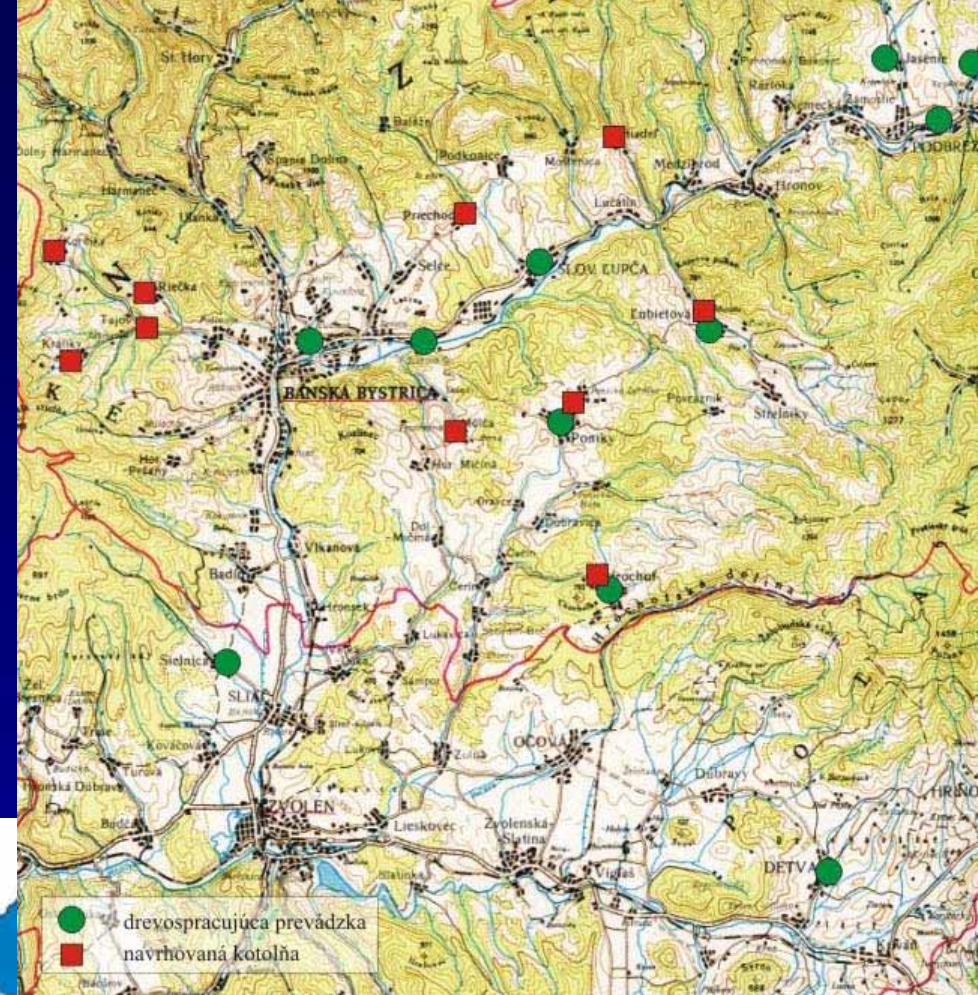
To enhance economic self-sufficiency of rural municipalities through the local use of local biomass potential.



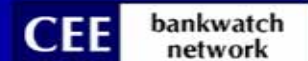
Specific objectives

- To decrease municipal expenses for heating and to use savings for regional development.
- To modernize public heating systems (boilers and heat distribution systems) in marginalized rural region.
- To reduce greenhouse emissions.
- To set a new trend in using EU Structural Funds for decentralized and sustainable energy production.
- To test opportunities for broader introduction of the idea in similar regions.

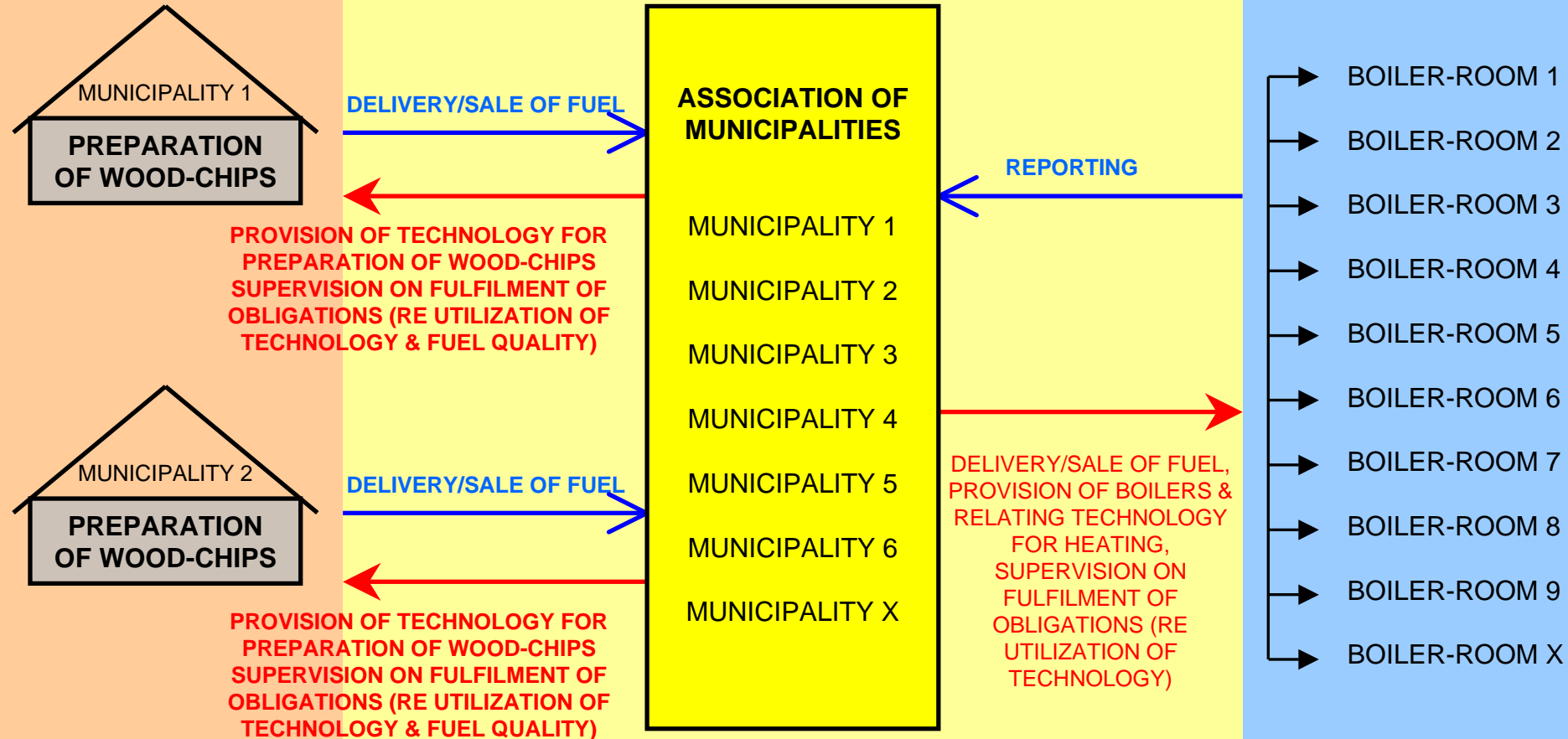
Project location



Annual production of usable wood-waste biomass in Slovakia, 2002 (Source: LVU Zvolen, 2002)



PROJECT ORGANIZATIONAL SCHEME



FUEL PREPARATION
(MUNICIPAL SAW-MILLS)

PROJECT MANAGEMENT
(ASSOCIATION OF MUNICIPALITIES)

HEATING OF PUBLIC FACILITIES
(MUNICIPALITIES)

← CLEAR AND LONG-TERM RELATIONSHIPS
BINDING AND ENFORCEABLE AGREEMENTS →

← CLEAR AND LONG-TERM RELATIONSHIPS
BINDING AND ENFORCEABLE AGREEMENTS →

Expected economic benefits

- Inflow of larger public funds into marginalized area
4,607 MEUR: 75 % ERDF + 20 % state + 5 % municipalities
- Modernization of 17 obsolete heating systems supplying 42 public facilities provides a guarantee for long-term safe operation of boilers (operation costs will increase by 8 %)
- Expenses for fuel will decrease by 57 % (finances stay in the region)
- Price for 1GJ will be lower by 17 % if compared with heat price provided by largest supplier in the region



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Expected environmental benefits

- Reduction of CO₂ emissions by 1.705 tons per year
- Annual production of heat for 42 public facilities (26.344 GJ/year) will be fully covered by renewables
- Annual consumption of wood will be completely supplied locally (3.129 tons of wood-chips + 148 tons of piece-wood)



Expected social benefits

- 10 new jobs will be created
- Modernization of heating systems will ensure further operation of public buildings which could otherwise be reduced in winter due to emergency conditions of current heating systems



Expected political benefits

- Regional partnership was established providing a good model for further municipal fundraising in the region
- Inspiring example of regeneration of local economy for other regions with similar natural conditions
- Alternative to large-scale centralized energy actions funded from EU Structural Funds

Problems

- Long time needed to convince municipalities and their representatives
- Lack of similar examples on national level
- Lack of funds for development of technical documentation and SF application
- Complexity of technical solution
- Lack of municipal capacities to cooperate on adequate level
- Legal obstacles (uncertainty in ownership of properties)
- Relatively large area covered by the project
- Difficulties in facilitation of partnership dialogue among many partners (municipalities, NGOs, companies)



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Process

Idea preparation (11/03 – 05/05):

Political assessment, preliminary technical design, preliminary analyses, partnership building, fundraising for preparation phase

Project development (06–12/05):

Public procurement, technical documentation, application for ERDF

Current situation:

Project approved but due to a lack of funds shifted to project pipe-line, internal Government audit requested by municipalities



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What's next?

A move from **project approach** to **systemic approach**

E4C project:

- regional energy strategy incl. priority action plan
- political support of the region
- suitable financing schemes and organizational & support models

Selected region prepared for **high-quality absorption** of structural support in 2007 - 2013



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Zlín region



Energy4Cohesion – Target CZ region - Zlín Region



- Border with Slovakia
- Capital: Zlín
- Population: 593 130 inhab.
- Area: 3 964 km²
- 304 municipalities (29 cities)
- 44% of inhabitants live in 9 towns with more than 10 000 inhabitants and having “urban” character.
- Office in Brussels



Structural Funds' Project in the Region

- ❑ Driving force of the project - Valašské Meziříčí
- ❑ EU Interreg IIIA programme
- ❑ Municipal outdoor swimming pool
- ❑ 80 flat plate solar thermal collectors (total surface area covered: approximately 160 m²)
- ❑ 3 heat pumps of the type air-water (the air-water heat pump is a type of heat pump that transfers heat in outdoor air to water for space or water heating)
- ❑ Total thermal capacity of 140 kW installed.







Project details

- ❑ Start of the project implementation June 2005
- ❑ All work will be finalised by November 2006
- ❑ Cost of the project amounted to 6 million CZK = approximately 207.000 EUR
- ❑ Support from the EU Interreg IIIA Cross-border Cooperation Initiative between the Czech Republic and Slovakia
- ❑ ERDF covered 75 % of the total costs
- ❑ 25% - own sources of the municipality of Valašské Meziříčí



Numerous benefits

- ❑ Environmental benefits (less fossil fuels, more renewable energy resources)
- ❑ Independence of fuel imports
- ❑ Estimated reduction of CO₂ emissions 76 t/year
- ❑ Increased income due to extended time of operation of the outdoor swimming pool
- ❑ Improved quality of service (swimming pool is heated, water temperature 26°C, extended season – more attractive for tourist and inhabitants)
- ❑ Reduced operating costs
- ❑ Annual heat production 155 MWh/year (estimate)

Other Structural Funds' Projects in the Region

- ❑ IEE – Regional Energy Agency
- ❑ INTERREG IIIA – 10 projects initiated by municipalities and 10 projects in the regional assets (property)
- ❑ Operational programme Infrastructure – 1 project submitted by the Region, 6 projects by towns and municipalities

Thank you for your attention

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Mr. Bohdan Mikušek,
I. Deputy Mayor

mikusek@muvalmez.cz



European Commission
Agriculture and Rural Development



Renewable Energy and the role of the EU's Rural Development policy

Andreas Lillig

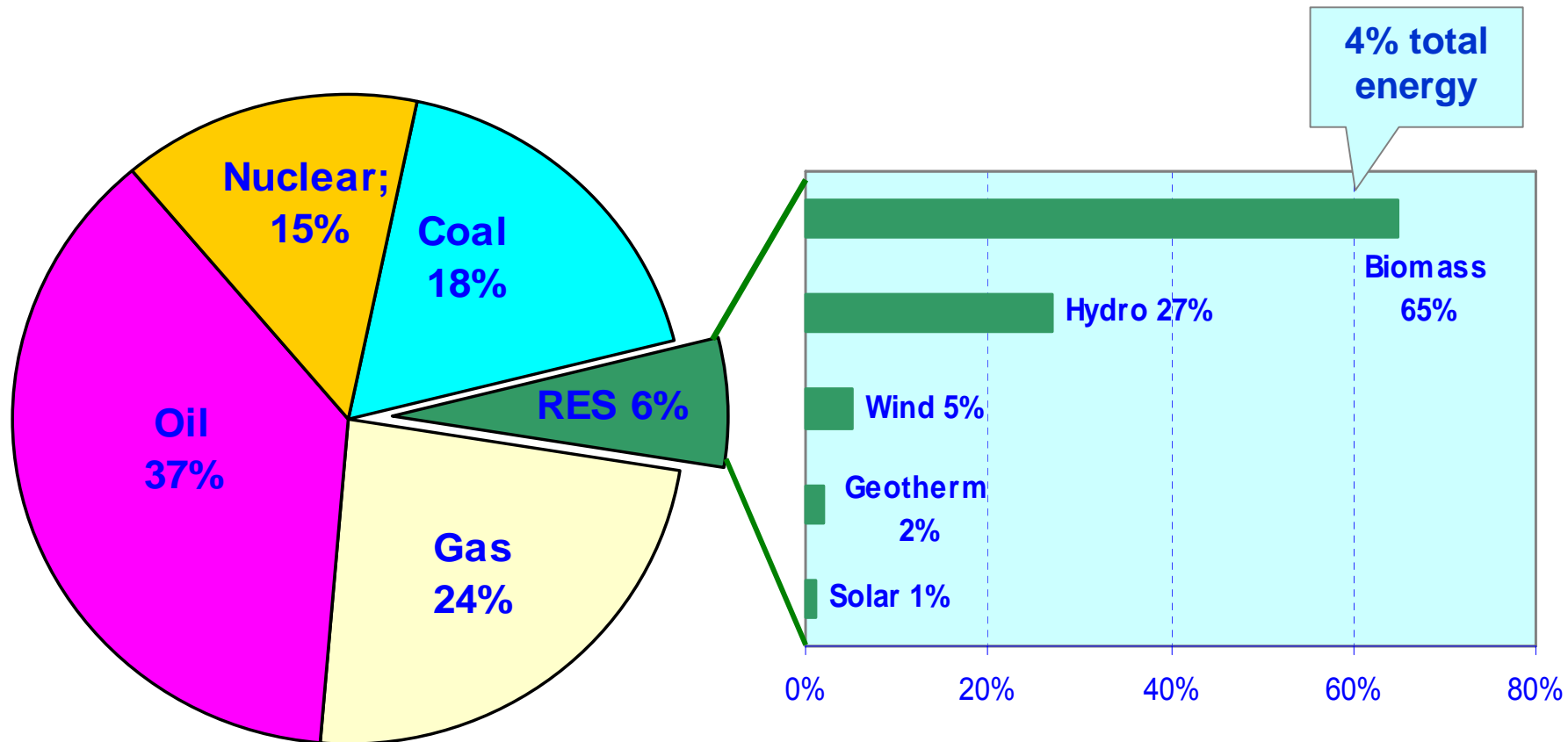
DG Agriculture and Rural Development

Unit F.3, Consistency of Rural Development

Breakdown of EU-25 gross energy consumption (2004)



European Commission
Agriculture and Rural Development





- 1. Bioenergy in the EU – policy framework/EU Biomass Action Plan**
- 2. CAP's first pillar**
- 3. Rural Development**

Why promote biomass renewable energy?



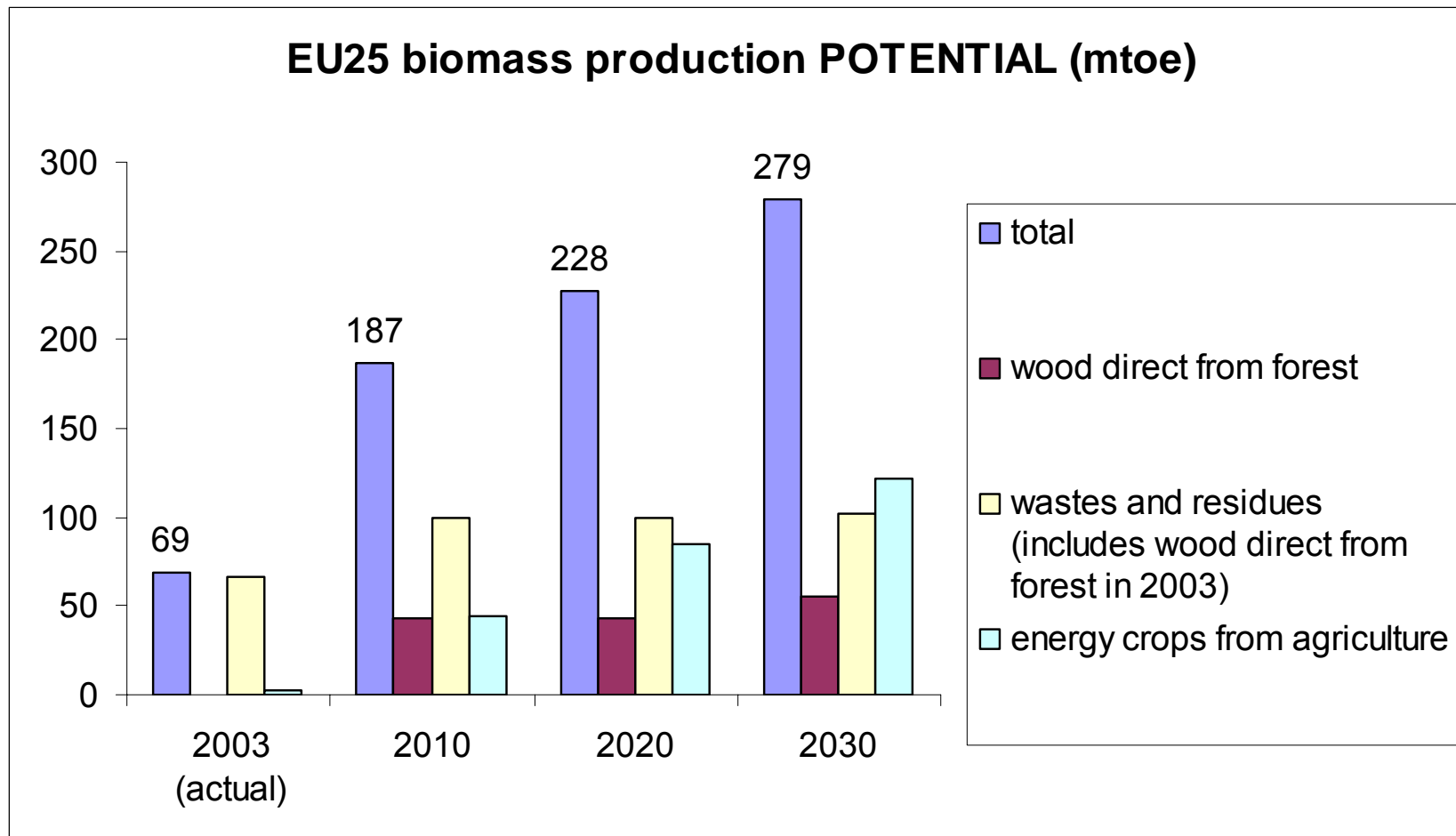
European Commission
Agriculture and Rural Development

- ▶ Help reduce **greenhouse gas** emissions
- ▶ Reduce fuel dependency by diversifying **energy sources**
- ▶ Diversify **market outlets** for agricultural products
- ▶ Provide income, employment opportunities in **rural areas**
- ▶ Develop EU **technology** and **innovation**: impact on the overall economy

EU-25 biomass production potential



European Commission
Agriculture and Rural Development



Sources: Eurostat (2003) / European Environmental Agency (projections)

Biomass Action Plan – actions



European Commission
Agriculture and Rural Development

- **New legislation**
 - ▶ Develop specific legislation on heating and cooling
- **Review existing legislation**
 - ▶ Biofuels Directive
 - ▶ Directive energy performance of buildings
 - ▶ Animal by-products legislation (biogas)
- **Other**
 - ▶ Encourage development of solid biomass standards by the European Committee for Standardisation
 - ▶ Financial support to investments through structural and RD funds
 - ▶ Support biomass research and development

Support from Common Agricultural Policy



European Commission
Agriculture and Rural Development

- **CAP reform (2003)**
 - ▶ Decoupled income support
 - ▶ Non-food (energy) crops on set-aside areas
 - ▶ Energy crop premium
 - ▶ Reduced scope for steering production
- **Sugar reform (2005)**
 - ▶ Sugar beet for ethanol eligible for both regimes exempt from quotas
- **Rural development policy (2007-2013)**
 - ▶ Menu of measures for renewable energies, e.g., biomass supply chains, biofuels processing capacity on/near the farm



- **Energy crop premium**
 - **Maximum guaranteed area – 1.5million ha**
 - **Proposal 2 million ha and to extend to all Member States**
 - **allowing the Member States to grant national aid of up to 50 % of the costs of establishing multiannual crops on areas on which an application for the energy crop aid has been made**
 - **New Member States applying SAPS until 2010**

Bioenergy: a Community priority for rural development



European Commission
Agriculture and Rural Development

► Community Strategic Guidelines for Rural Development (Council Decision 2006/144/EC)

Axis 1

*“development of new outlets for agricultural and forestry products. (...) helping the **development of renewable energy materials, biofuels and processing capacity**;*

Axis 2

*“Combating climate change. Agriculture and forestry are at the forefront of the development of **renewable energy and material sources for bio-energy installations**. ,(...).”*

Axis 3

*“developing the provision and innovative use of **renewable energy sources** can contribute to creating new outlets for agricultural and forestry products, the provision of local services and the diversification of the rural economy.*



Axis 1: Improving Competitiveness

Measures aiming at restructuring physical potential and promoting innovation:

- Adding value to primary agricultural and forestry production (in case of forestry, support only for micro-enterprises)
- Cooperation for development of new products, processes and technologies
- Improving and developing infrastructure related to the development and adaptation of agriculture and forestry (i.e. energy supply)

Axis 2: Land management/environment

- **First afforestation of agricultural land**
(including fast-growing species for short-term cultivation)

Axis 3: Diversification, quality of life

- **Diversification of rural economy (diversification to non-agricultural activities; support for micro-enterprises)**
- **Improvement of quality of life (basic services; small-scale infrastructure)**
- **Training and capacity building**



Axis 4: LEADER

- Implementation of local development strategies through a Leader approach to contribute to the achievement of the objectives of one or several of the three other axes
- Inter-territorial and trans-national cooperation between LAGS
- Capacity building and functioning of LAGs

RD Timetable: Next steps



European Commission
Agriculture and Rural Development

- ▶ **Council Regulation and EU Strategic Guidelines adopted**
- ▶ **Transitional rules and Implementing rules Control voted in RD-Committee**
- ▶ **General Implementing Rules to be voted 12.10.2006**
- ▶ **National Strategy Plans incoming, to be agreed with Commission**
- ▶ **RDPs incoming already incoming**
- ▶ **RDPs to be approved latest 6 months after notification (or entry into force IR)**



- ▶ **Expectations from many sides on Rural Development increase**
 - ▶ **Total for 2007 – 2013: Euro 77.66 bn (2006-prices)**
 - ▶ **Includes compulsory modulation**
 - ▶ **Significantly less than proposed by the Commission**
- => Particular attention on efficiency of measures and synergy (delivery on several objectives)**



Intelligent Energy Europe

“Converting Policy to Action”

Feliz Mil-Homens, Intelligent Energy Executive Agency (IEEA)

Evening debate, Energy 4 Cohesion, 10/10/2006

HOW DO WE GET FROM HERE TO THERE?

**Policies
Technologies
Market opportunities**

?

**Real changes
on the ground**



Intelligent Energy Europe



Towards **intelligent energy use**
and **more renewables**

STEP BY STEP FROM POLICY TO ACTION

Policies
Technologies
Market opportunities

Market analysis + development

Regulatory + administrative shifts

Tools + methods

Policy analyses

Skills + know-how

Education + training

Interaction + exchange

Social innovation

**Real changes
on the ground**

4 Main fields

Call for proposals opened until 31-10-2006

Energy efficiency and rational use of energy, in particular in buildings and industry (SAVE)



Promotion of new and renewable energy sources for electricity, heat, and biofuels (ALTENER)



Energy aspects of transport, fuel diversification, biofuels and energy efficiency (STEER)



Promotion of renewable energy sources and energy efficiency in developing countries (COOPENER)



Objectives:

- Improve the conditions for a more extensive use of SF in sustainable energy projects.
- Complement SF activities in sustainable energy projects.
 - ▶ Awareness raising.
 - ▶ Training.
 - ▶ Best practice.
 - ▶ (...)



Specific objective:

- Demonstrating the viability of integrated projects, where the sustainable energy dimension reinforces local development aspects (new jobs, new enterprises, added value for farmers,).

Case studies:

- Italy: retrofitting old industrial area.
- Germany: development of an energy performance certification scheme for the industry.
- Austria: development of a RES based district heating system.
- UK: integration of sustainable energy in industrial buildings.
- Lithuania: integration of small scale CHP system in local activities
- Greece: integrated use of geothermal energy in a municipality.

Objective:

Increase awareness of SF and CF managers at regional level about sustainable energies opportunities, for a more extensive use of these funds in sustainable energy projects 5 NMS.

Activities:

- Analysis of past activities and identification of best practice in management, promotion, etc.
- Identification of opportunities in the upcoming period (2007-2013)
- Activities with fund managers: awareness raising, training, dissemination.

Thank you

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http://ec.europa.eu/energy/intelligent/ieea/index_en.htm