



## Energy savings in Poland: cause for hope

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*Posted by Arianna Vitali (WWF), Vanessa Bulkacz (CAN-E), Erica Hope (CAN-E), Brook Riley (FoEE) and Christian Debono (EEB)*

Yesterday we swapped goulash and red wine for perogis and vodka as our energy-savings tour arrived in Poland from Hungary. Our expectations for Poland weren't the highest. In Brussels, one gets the impression that the inhabitants of this coal-intensive country care little about alternative energy supplies. Indeed, in a country where more than 90% of electricity is sourced from coal, convincing audiences about other sources of energy – including 'negawatts' from reduced consumption– can be a tough sell.

But our hopes rose after our first meeting with government representatives. There is at least a high level of knowledge and interest in energy efficiency, although – as everywhere in the EU – doubts persist over financing measures and consequently real commitment to on-the-ground delivery. From a Polish perspective, as their aged energy infrastructure nears end-of-life en masse, there is huge concern about energy security. A once almost entirely energy-independent nation is for the first time facing an uncertain energy future. Plans for new coal-fired power plants are being cancelled all over Europe. External natural gas deliveries have already proven problematic in terms of energy security. Housing built during the Communist era is often badly in need of refurbishment. Therefore, the potential for positive change in Poland is massive and the time for unleashing a new energy source by implementing strong action on energy efficiency has never been better.

We saw a lot of interest from journalists at a media briefing our NGO partners organised. Although Poland is generally thought of as unenthusiastic about climate policy, a government official told us they are trying hard to balance climate, energy security and liberalisation of the energy market. There is talk of introducing a 'white certificate' programme to oblige the power sector to invest in energy savings. The Polish government publicly insists that energy efficiency is high on the agenda, and will be prominent during next year's EU Presidency.

The Polish Energy Efficiency Act currently under debate in Polish Parliament is a long awaited chance to get things moving - although after no less than 17 re-drafts so far, its force has been much reduced. It is being developed to implement the rather weak EU Energy Services Directive (ESD) and therefore only calls for a 9% energy efficiency target by 2016. This is woefully inadequate to get Poland on track to meeting the target of 20% energy savings by 2020. So clearly, while the tide is turning, Poland is not quite there yet.

Part of the blockage comes because the Polish government is reluctant to lose the revenue it gains from energy taxes. Though the benefits of energy efficiency are clear over the long-term with regard to increased energy security and lower power bills for consumers, in the short-term it can seem too painful for investors, government and citizens alike to plunge money into it. However, analyses by the Polish Economic Ministry show that revenues from a burgeoning energy services market will more than offset the tax losses from reduced energy sales. What's more, consumers will be able to spend more on products and services from other sectors if they're spending less on energy.

Our visit here has confirmed that what Poland really needs is binding EU-level legislation. This is key to providing certainty and direction to the Polish business community, private investors, and the government itself, while helping Europe attain its decarbonisation goals.

*Posted by Arianna Vitali (WWF), Vanessa Bulkacz (CAN-E), Erica Hope (CAN-E), Brook Riley (FoEE) and Christian Debono (EEB)*

### **Hungary blows hot and cold on energy savings**

Posted by Blogactiv Team on 17/11/10

*Posted by Brook Riley (FoEE), Erica Hope (CAN-E), Arianna Vitali (WWF), Christian Debono (EEB)*

In six weeks time Hungary will take over the EU presidency. With many major legislative proposals under preparation for 2011, this is a critical time for the EU's climate and energy policy. Decisions made next year will set the stage for decades of European investment. Key questions, therefore – which four NGOs travelled to Budapest to ask – are “how will Hungary manage the Presidency's energy dossiers?” And “will the Hungarian presidency speak out in favour of binding legislation for energy savings?”

Most countries claim to support energy efficiency, but fall short on action and results. Hungary could well buck the trend: one month after winning a landslide victory in April 2010, centre-right party Fidesz promised an impressive 100 billion forints (roughly €360 million) for efficiency investments to cut household energy use.

This renovation scheme was a very popular move. Fuel poverty is widespread (as indeed it is throughout the EU). Previous government policies, moreover, had not been helpful to consumers: Hungary has the highest VAT rates on electricity and natural gas in Europe. Retrofitting buildings to cut energy use is clearly an obvious solution, but requires a hefty governmental shot in the arm.

The €360 million scheme hinted at Hungary as an EU leader for energy savings. Real progress during the presidency looked likely. And given the major knock-on effects of reduced energy consumption on energy security, signs were good for a strong Central and Eastern European (CEE) position during the special Heads of State energy meeting in Brussels on the 4<sup>th</sup> of February.

Major problems, however, persist. Funding lacks transparency: the scheme partly relies on revenues from auctioned emissions permits, but government sources claim that at least €17 million have gone missing during the handover to the new government. Meanwhile, power company opposition to effective energy savings is a constant pressure. The result: enthusiasm risks fizzling out amid fears that the government is backpedalling on its funding pledges. If true, this would be a huge setback.

These are tough times for every EU government, but this is exactly the moment to be thinking about a green new deal. Senior Hungarian government officials we have met are enthusiastically supportive of energy savings and a binding EU-wide target for 2020. And a study published in June by the reputed Central European University (located in Budapest) makes for compelling reading: a wide-spread deep retrofitting programme could avoid up to 85% of Hungarian energy use for heating in buildings by 2020 – and create over 130,000 new jobs.

So what will happen during the Hungarian Presidency? Finding common, EU wide solutions to fund up-front investments in energy savings and overcome vested interests won't be easy. Despite enthusiasm in some quarters, there are also question marks over governmental priorities. The trick is to remember that success means more than simply compromising. It means daring to do what you know is in your best interests.

*Posted by Brook Riley (FoEE), Erica Hope (CAN-E), Arianna Vitali (WWF), Christian Debono (EEB)*

### **Energy efficiency stuck in the slow lane**

Posted by Blogactiv Team on 08/11/10

*Brook Riley, Friends of the Earth Europe writes:*

The European Parliament seems set on categorizing energy efficiency as the unglamorous policy that nobody takes seriously. Tomorrow, the Parliament's Energy Committee (ITRE) will vote on a report on the Energy Efficiency Action Plan – the communication from the European Commission which first proposed a 20% energy savings target for 2020.

The main problem with the Action Plan is that – unlike the renewable energy and CO2 emissions reduction targets – it failed to set mandatory legislation. As a result, Member States have largely ignored the 20% objective.

The ITRE committee report (started in July) was supposed to help change this, highlighting the benefits of energy savings and calling for tougher policies to meet the 2020 target. Instead, we've seen dogged efforts from some prominent centre right MEPs (led by the chairman of the ITRE committee, Mr Herbert Reul) to bury recommendations for binding legislation.

Let's take a look at what they seem so set on turning down. According to a 2008 paper from the Commission, meeting the 20% energy savings target would lead to

hundreds of thousands of new jobs (through industrial upgrades, building retrofits), 800 million tons of CO2 reductions (equivalent to 20% cuts below 2005 levels) and over €200 billion annual savings in energy bills between now and 2020. As a comparison, those financial savings add up to more than ten times the amount needed to deliver the 2020 renewable energy target. Meanwhile, cutting down energy requirements would counter the EU's growing reliance on external energy suppliers. Import dependency currently exceeds 50% of European energy consumption and it makes much better sense to invest in energy savings than in new pipelines from Russia and North Africa.

Clearly, the EU should get serious about meeting the 2020 energy savings target. And while a mandatory target is no golden solution, it shows commitment and encourages investment. Many in the Parliament are aware of this. While ITRE has vacillated, the Parliament's Environment committee has been bolder. Its opinion report on ITRE's Energy Efficiency Action Plan (all interested committees have the right to comment) underlines the major economic, social and environmental advantages of energy efficiency. With a majority of 46 to 7, the Environment committee recommended a binding 25% target for 2020.

But a hard core of centre right MEPs in ITRE have other interests to defend. The ITRE chairman, Mr Herbert Reul, supports ongoing reliance on coal based electricity production. Coal, however, is among the most inefficient and polluting power sources, barely transforming a third of the primary resource into electricity. Perhaps because a mandatory savings target would progressively squeeze coal out of Europe's energy mix, Mr Reul is a staunch opponent of binding energy efficiency legislation.

Similarly, UK conservative and former ITRE chairman Giles Chichester is a vocal supporter of nuclear energy – a power source which is just as inefficient as coal, but with the added risk that no solution has been found for radioactive waste storage. Mr Chichester is also blocking binding legislation.

Faced with such influential opposition, MEPs should consider who really stands to win and lose from a mandatory energy efficiency target. Yes, reducing energy consumption will eat into power company profits. But the rest of the economy will gain: from lower household energy bills to increased industrial competitiveness (as businesses cut their production costs and produce more efficient goods). Tomorrow, the ITRE committee must shrug off pressure from the power sector and vote for mandatory energy savings legislation for 2020.

*This post was sent to Blogactiv by Brook Riley, Friends of the Earth Europe.*