

PEEREA's role in energy efficiency policy making and delivery in a pan European perspective

Tudor Constantinescu
Energy Charter Secretariat
Boulevard de la Woluwe, 56
B-1200 Brussels
constantinescu@encharter.org

Rod Janssen
Energy Consultant
23 Blandford Road, London W4 1DX, UK
rodjanssen@btopenworld.com

Lene Nielsen
Danish Energy Authority
Copenhagen, DK
LN@ENS.dk

Keywords

Energy Charter, PEEREA, Energy efficiency policies, Publications, Europe

Abstract

Progress has been made during the last couple of years in energy efficiency policies across Europe. In the EU a number of new relevant Directives came into force, in the new EU member countries and the other accession ones integration into the EU structures gave an impetus to energy efficiency policies. In addition, international co-operation, dialogue and exchange of ideas have helped identifying main changes, developments, good and less good practices on a country by country basis.

And still, opportunities are sometimes missed and the energy-saving potential is far from being tapped.

Energy efficiency is equally important for transition economies and for industrialised/developed countries concerned about climate change and security of supply. It is in this context that the Energy Charter Protocol on Energy Efficiency and Related Environmental Aspects (PEEREA) brings together 50 countries (mainly Europe but also all Former Soviet Union states, Japan and Australia). The Working Group established to serve PEEREA is acting as a forum for exchange of views and policy dialogue but also as an intergovernmental pressure group guiding on a "peer" basis policy formulation and implementation in the participating countries. Activities developed by the PEEREA Group reflect its dual nature: facilitate and monitor developments in energy efficiency policies and programmes. The Energy Charter Secretariat (ECS) has issued a number of publications, including:

- Advice on developing an energy efficiency strategy
- Manual on financing mechanisms
- Report on fiscal policies for improving energy efficiency
- Report on effects of market liberalisation on energy efficiency
- The in-depth energy efficiency reviews of: Slovak Republic, Lithuania, Poland, Hungary, Romania, Estonia, Denmark, Czech Republic, Moldova, Croatia (still to be published)
- The road towards an energy efficient future a progress report on improving energy efficiency across Europe for the Kiev Environmental Ministerial Conference
- Third Party Financing – achieving its potential
- Investing in energy efficiency – removing the barriers
- Carbon trading and energy efficiency (still to be published)
- Best practices for CHP/DH – role of local authorities (still to be published)

The presentation in the poster section reflects on the main activities of the PEEREA Working Group and main actions for monitoring and evaluating policy developments in the area of energy efficiency across Europe.

Introduction

In April 1998, the Energy Charter Protocol on Energy Efficiency and Related Environmental Aspects (PEEREA) came into force. The Protocol includes specific commit-

ments that are essential in improving energy efficiency and reducing harmful environmental impacts. In this context, it is stipulated that Governments shall: *establish energy efficiency policies* (art 3.2) and have policy aims and strategies adapted to their specific circumstances and transparent to all contracting parties (art. 5); *create the legal and regulatory environment* (art 3.2) necessary to promote energy efficiency; *develop, implement, update programmes* (art 8.1); programmes may include among others such activities as: economic and environmental assessment of action taken, definition of standards, innovative approaches to financing energy efficiency, development of databases, support of cogeneration; *ensure adequate institutional and legal infrastructures* (art 8.3); and *co-operate/assist internationally* (art 3.1).

Energy efficiency is increasingly accepted as one of the major elements of a comprehensive energy policy. Energy policy should be developed as an integral part of the society and the economy and the same is true for energy efficiency. Energy efficiency has important benefits to all sectors, helping to improve comfort for households, to increase industrial competitiveness and to limit the cost and the environmental consequences of a growing transport sector. The importance for an effective energy efficiency approach under PEEREA, whether at the regional, national or international level, is not only to establish programmes and relevant institutions. At the international level, there is a need, *inter alia*, to regularly monitor and revise activities undertaken as necessary in order to ensure that momentum is maintained and that objectives are met.

The transition process is a learning process at all levels of society and it often takes time to re-shape old habits or attitudes. To support this process, the Energy Charter Secretariat has published three types of reports to be used by governments and as wide a range of stakeholders in participating countries as possible. These reports are in three categories: in-depth policy and programme reviews, targeted policy studies on specific energy efficiency issues and horizontal regional assessments. All of these reports are distributed free in English and Russian, and some of the in-depth reports are in the language of the specific country. All reports are available under the Energy Efficiency section of the Energy Charter's website (www.encharter.org). The important issue for the ECS is to ensure increased visibility of the pertinent issues confronting member states and the progress that is being made by all members in implementing energy efficiency policies and programmes.

In-depth Reviews

The role of the in-depth energy efficiency review undertaken on a peer basis by the Working Group is to enhance the level of co-operation amongst contracting parties (Article 3.1). The in-depth review is also being used to assess progress, promote continuous dialogue and transfer information.

The review teams normally consist of representatives from four Energy Charter Member States (with two of them usually from transition economies), the Secretariat and an eventual external consultant. The process is based on a peer review, meaning that countries are reviewing other countries. Recommendations are developed for the reviewed

country and those recommendations have to be endorsed by all member states at the Energy Charter Conference.

To date, 12 reviews have taken place since 1999. These include reviews of Bulgaria, Croatia, the Czech Republic, Denmark, Estonia, Hungary, Lithuania, Moldova, Poland, Romania, Slovak Republic and Turkey. The recommendations are normally divided into general recommendations (e.g. relating energy efficiency to overall energy policy); sectoral energy efficiency policies and programmes; energy prices, taxation and market functioning; CHP and district heating; institutional framework; renewable energy (for some of the reviews); technology development; and the role of utilities. There is follow-up and many of the reviewed countries make presentations to PEEREA about the progress they have made in addressing the recommendations.

The entire process is designed to improve the policies and programmes of the reviewed country in two ways. One way is by the report and the discussions that ensue at the Working Group and Energy Charter Conference. But, often more importantly, the process is an important dialogue of experts from the reviewed country and the review team at the review stage because it is there that real exchange of ideas and experience take place.

Targeted Policy Studies

Since its creation, the Working Group has had an ambitious work programme to deal with many of the pressing issues of analysis and promotion of energy efficiency. In particular, over the past couple of years, the Working Group addressed a number of these issues through the following studies:

- *Advice on developing an energy efficiency strategy* - a brochure aimed to identify common elements to be considered in developing or revising an energy efficiency strategy
- *Manual on financing mechanisms* - explains the principles and the steps to prepare an energy efficiency project
- *Report on fiscal policies for improving energy efficiency* - highlights how fiscal policies can encourage energy efficiency on both the supply and demand side
- *Report on effects of market liberalisation on energy efficiency* - explores the effects of energy market liberalisation on classical energy efficiency policies and measures
- *Third Party Financing - achieving its potential* - analyse the approaches of performance contracting and illustrates through best practices successful approaches
- *Investing in energy efficiency - removing the barriers* - identifies main barriers and solutions for developing representative types of energy efficiency projects in the residential, public and district heating sectors
- *Carbon trading and energy efficiency* (to be published in 2005) - looks at the possible impact of carbon trading and flexible mechanisms defined under the Kyoto Protocol in the process of developing energy efficiency projects
- *Best practices for CHP/DH - role of local authorities* (to be published in 2005) - looks, mainly from the perspective of local authorities at the best practices for improving the

effectiveness of planning and operation of CHP/DH facilities

The aims of these studies is to provide member countries with a better understanding of the main concepts and issues related to energy efficiency, with a focus on financing mechanisms. Studies have aimed to integrate energy efficiency into the liberalised energy policy environment that most economies – western and transition – have been developing.

Regional Assessments

There have been two major regional assessments undertaken that have been published. Both of them were for the Environment for Europe process under the UN – ECE initiative. For the first time in the process, Environmental Ministers focused on energy efficiency at their 1998 Aarhus Conference. In preparation for that meeting, the Energy Charter Secretariat together with the Danish Energy Agency (now Authority) and the International Energy Agency prepared the Energy Efficiency Initiative which provided an overview and analysis of energy efficiency policy concepts, a review of progress, 50 country profiles on energy efficiency and 47 case studies from 26 countries illustrating actual experience.

As a follow-up to the Aarhus Conference, the Energy Charter Secretariat was invited in 1999 by the UN-ECE to prepare a report for the May 2003 Kiev Environment Ministerial Conference on the trends in energy efficiency and developments in energy efficiency policies and strategies. The report *The Road Towards an Energy-Efficient Future* provides an assessment of the efforts done by 51 countries in developing policies and programmes the area of energy efficiency in the period 1999 – 2003. The *Road Towards an Energy-Efficient Future* provided also the Ministers with a solid basis for evaluating the success factors and for identifying in their *Declaration* priorities for further action in the area of improving energy efficiency. Main conclusions of the report were:

- Improvement in energy efficiency is still below potential in all Energy Charter countries
- Still need to reform energy prices in many transition economies
- Improved link between energy efficiency and environment is important in all countries
- Better integration of energy efficiency in other economic policies is needed
- Adequate resources and specialised implementing institutions are crucial
- Monitoring and evaluation are necessary
- Instruments compatible with market liberalisation should be favoured
- Reliable data and energy efficiency indicators are necessary
- International obligations and co-operation are very important to the success at the national level.

Overall Results

PEEREA came into force in 1998. Since then it has set an ambitious agenda of monitoring developments in member countries, in reviewing the policies and programmes, in analysing complex issues related to energy efficiency and in monitoring the overall progress throughout the entire region. Especially through the in-depth energy efficiency reviews, PEEREA assisted countries in getting an objective assessment of their policies and programmes as well as expert advice on their priorities and directions to follow.

The publications and the website have proven to be invaluable to help in the transition process, to support countries with established energy efficiency strategies improve them and in facilitating the exchange of experience amongst member countries. The poster display provides a good overview of the efforts that have been made in the last seven years to promote energy efficiency and play a constructive role in the development of energy and energy efficiency policies throughout the region, but particularly in transition countries.

References

- Advice on developing an energy efficiency strategy(2000)
- Manual on financing mechanisms (2000)
- Report on fiscal policies for improving energy efficiency (2001)
- Report on effects of market liberalisation on energy efficiency (2001)
- Third Party Financing – achieving its potential (2003)
- The road towards an energy efficient future (2003)
- Investing in energy efficiency – removing the barriers (2005)
- Carbon trading and energy efficiency (to be published in 2005)
- Best practices for CHP/DH – role of local authorities (to be published in 2005)
- In-depth Review of energy efficiency policies and programmes of:
 - Slovak Republic (2000)
 - Lithuania (2001)
 - Poland (2001)
 - Hungary (2001)
 - Bulgaria (2002)
 - Romania (2002)
 - Estonia (2003)
 - Turkey (2003)
 - Denmark (2004)
 - Czech Republic (2004)
 - Moldova (2004)
 - Croatia (to be printed in 2005)