European trade union confederation's position on the Green paper on energy efficiency "doing more with less".

Brussels, 26 May 2005

1. Introduction

The ETUC welcomes the Commission's Green paper, which addresses an issue which is a key element in climate change policies on the demand side. Energy efficiency policies complement "supply-side" policies which are essentially based on the development of non-C02-producing energy sources. Energy efficiency policies also meet the objectives of improving the security of supply and boosting competitiveness to the extent that they enable operating costs to be reduced.

At the social level and in terms of employment, energy-saving measures – provided they are economically viable and technically feasible – have considerable job-creation potential, both for high-skilled jobs and in job-intensive sectors like building and construction. Improvements in working and living conditions and increase in purchasing power can also be anticipated as a result of energy-saving innovations.

However, we shouldn't underestimate the fact that innovation and productivity gains generated by investments in energy efficiency may lead to job losses, increased workloads and poorer working conditions for many workers.

ETUC thinks that an ambitious energy efficiency policy will only work if it is based on **democratic debates** and is accompanied by a campaign to heighten public awareness.

Moreover, the priority given to energy efficiency makes **public authorities participation** essential, because this is the only legitimate way of taking account of the common interest and the long-term situation, arbitrating when necessary, setting objectives for the type, profitability and volume of energy saving, and securing the required investments in a certain number of areas.

Implementing an ambitious energy-saving plan that will reduce our consumption by half or two-thirds would entail a long transition period, owing to both the time needed to prepare the necessary vocational retraining and the time constants involved in replenishing fleets of vehicles, housing, infrastructure and so forth.

Finally, we must not lose sight of the fact that "energy efficiency" alone (which refers to 'using less energy to equivalent effect') cannot compensate for the rapidly increasing consumption that the world will witness over the next 50 years. As a consequence, energy efficiency must be accompanied by maximal diversification of our energy sources and the use of all renewable energies.

2. ETUC's reply to the questions posed by the Green book

1. *How could the Community and the Commission in particular, better stimulate European investment in energy efficiency technologies? How could funds spent supporting research in this area be better targeted?. (Section 1.1)*

To enhance energy efficiency, **regulation** is unavoidable. ETUC is therefore in favour of setting **binding objectives for energy savings** to be made by Member States as suggested in the proposal for a European

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directive on energy end-use efficiency and energy services (COM (2003) 739 final). The trade unions believe that this directive will help to create a competitive and dynamic energy services market.

2. *The emission trading mechanism is a key tool in developing a market-based response to meeting the goals of Kyoto and climate change. Could this policy be better harnessed to promote energy efficiency? If so, how? (Section 1.1)*

The key requirements of the ETS to promote energy efficiency is that :

- the target reductions should be realistic and capable of delivering real cuts over and above "business as usual" improvements in efficiency.
- The carbon market price should be high enough (to drive efficiencies and the implementation of low carbon technologies) and **non speculative**.

The ETUC therefore supports the establishment of a **European regulatory agency for the carbon market**.

3. *In the context of the Lisbon strategy aiming to revitalise the European economy, what link should be made between economic competitiveness and a greater emphasis on energy efficiency? In this context, would it be useful to require each Member State to set annual energy efficiency plans, and subsequently to benchmark the plans at community level to ensure a continued spread of best practice? Could such an approach be used internationally? If so, how? (Section 1.1.3)*

To fully exploit the positive synergies effects between economic, social and environmental benefits of energy efficiency measures, binding objectives for energy-savings must be incorporated into the **Lisbon Strategy** and be made part of the **integrated guidelines for growth and jobs** (2005-2008) which include the broad economic policy guidelines (BEPG) and the integrated employment guidelines. Member states should be asked to draw up **national energy efficiency plans** and to report every two years on the progress of the implementation.

ETUC believes that **further liberalisation on the domestic energy market** as promoted by the Lisbon strategy is likely to clash with an effective policy on energy efficiency. After all, liberalisation should theoretically lead to lower prices, which in turn means fewer incentives to strive for energy efficiency if no means of managing the energy demand are available. Consequently, ETUC is calling on the European Commission to undertake an in-depth evaluation on the **impact of liberalising energy markets on energy efficiency**.

4. *Fiscal policy is an important way to encourage changes in behaviour and the use of new products that use less energy. Should such measures play a greater role in European energy efficiency policy? If so, which sort of measures would be best suited to achieve this goal? How could they be implemented in a manner that does not result in an overall increase in the tax burden? How to really make the polluter pay? (Section 1.1.4)*

Internalising external costs is vital for ensuring a competitive advantage for products and procedures that are more environmentally friendly and advantageous in terms of energy consumption. The European trade unions are in favour of introducing an **energy tax** along with tax harmonisation at European level, and granting **tax exemptions** to encourage efficient technologies.

The process of tax introduction and tax exemptions should be conducted fairly, entailing that :

- Any negative social repercussions for the poorest members of society, vulnerable economic sectors, the energy sector and energy-intensive sectors should be pinpointed so that preventive and accompanying measures can be put in place;

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- tax revenue derived from 'eco taxes' should be allocated partly to reducing labour taxes and partly to public expenditure on energy saving[1], whilst preventing any negative impact on the level of social security and public services provided.

6. *Public authorities are often looked to for an example. Should legislation place specific obligations on public authorities, for example to apply in public buildings the measures that have been recommended at Community or national level. Could or should public authorities take account of energy efficiency in public procurement? Would this help build viable markets for certain products and new technologies? How could this be implemented in practice in a way that would promote the development of new technologies and provide incentives to industry to research new energy efficient products and processes? How could this be done in a manner that would save money for Public authorities? As regards vehicles, please see question 20. (Section 1.1.6)*

For the ETUC, the Commission must ask the Member States to make full use of the possibilities the redrafted European directives on public procurement offer to promote energy efficiency. Member states should report regularly to the Commission on that issue.

7. *Energy efficiency funds have in the past been used effectively. How can the experience be repeated and improved? Which measures can be adopted usefully at:*
– International level
– EU level
– National level
– Regional and local level?
(Section 1.1.7. See also question 22)

Energy efficiency funds can work as effective catalysts for introducing energy efficiency measures in the market. They can accelerate the process of introducing energy services (see § 14). Therefore, national energy efficiency funds should be mandatory in every member states.

Tackling fuel poverty and unemployment should be integral parts of energy efficiency schemes supported by such funds. Unions in some Member states promote significant **energy efficiency programmes in domestic buildings**, with massive employment gains in construction, installation and servicing, significant reduction of energy consumption for below average income groups and reduction of CO_2 emissions. Germany's *Alliance for Work and Environment* aims to renovate 300,000 apartments, create 200,0000 jobs and reduce CO2 emissions by 2 million tonnes a year, by improving insulation and heating technologies and the use of renewable energy. Finance is provided by the German Government, supported by credit at favourable rates.
The Belgian union federation, FGTB, is launching a similar initiative, calling on its Government to use the country's Kyoto tax, a levy on electricity consumption, to fund a similar initiative.
Millions of homes in the social sector throughout Europe (either social housing or subsidised owner-occupier schemes) require improvements to bring them up to an efficient standard.

The ETUC urges the EU to mobilise the **European structural funds** and secure funding from the **European Investment Bank** (EIB) in a bid to encourage investment in the energy modernisation of buildings, particularly social housing, along similar lines to the approach adopted by the German and Belgian initiatives. The new Member States, where the energy efficiency of housing leaves a great deal to be desired, must be primary targets.

[1] Economic analyses, such as those conducted by the Belgium Bureau du Plan, show that maximum impact on employment is achieved when the money collected via the environmental tax is used this way.

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8. *Energy efficiency in buildings is an area where important savings can be made. Which practical measures could be taken at EU, national, regional or local level to ensure that the existing Community Buildings Directive is a success in practice? Should the Community go further than the existing Directive, for example extending it to smaller premises? If so, how could the appropriate balance be achieved between the need to generate energy efficiency gains and the objective of limiting new administrative burdens to the minimum possible? (Section 1.2.1)*

In order for the existing Community Buildings Directive to be successful, sufficient well trained personnel is required to do audits, certifying, installation and retrofitting. **Training programmes** in these fields should be started now in order to be ready by implementation time.

Some ETUC affiliates draw our attention on the fact that large differences in the way the directive is implemented within and between the Member states make the administrative burden for both workers and enterprises rise significantly. Interregional dialogue is therefore essential as are exchange of best practices and guidelines between Member States.

9. *Giving incentives to improve the energy efficiency of rented accommodation is a difficult task because the owner of the building does not normally pay the energy bill and thus has no economic interest in investing in energy efficiency improvements such as insulation or double glazing. How could this challenge be best addressed? (Section 1.2.1)*

see § 7

11. *A major challenge is to ensure that the vehicle industry produces ever more energy efficient vehicles. How can this best be done? What measures should be taken to continue to improve energy efficiency in vehicles and at which level? To what extent should such measures be voluntary in nature and to what extent mandatory? (Section 1.2.3)*

Research in clean vehicles (electric, natural gas, fuel cells, hydrogen) should be encouraged through coordinated European R&D programmes in the frame of the future Joint Technological Initiatives. Given the key contribution of the car industry to the EU employment and export performance, a sustainable car industry should be one of the priority aim of the EU industrial policy.

Besides, the EU has a key role to play in establishing the standards for vehicles' consumption and emissions.

12. *Public information campaigns on energy efficiency have shown success in certain Member States. What more could and should be done in this area at: International level, EU level, National level, or Regional and local level? (Section 1.2.4)*

The Green book rightly points at the major role training and education policies have to play to strengthen a culture of energy efficiency. Together with governments and employers' organisations, at national and European level, the unions must indeed strive to develop **education, vocational training and qualification** policies that rise to the challenges inherent in achieving energy efficiency:

- The creation of new vocational training programmes tailored to the needs of energy efficient procedures and energy audits in particular;
- the recognition of new degrees or diplomas and qualifications.

However, the ETUC regrets that the Green book includes no reference to the important role that social partners and social dialogue can play at all relevant levels in assessing energy savings needs, and promoting, negotiating and monitoring sustainable energy efficiency policies. In its resolution on "the review of the EU sustainable development strategy", the ETUC welcomed the fact that the proposed

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strategy explicitly recognises trade unions as actors with whom partnerships should be set up in a bid to find ways of remedying non-sustainable trends. In this resolution, ETUC was also drawing the Commission's attention to the need to include environmental questions in the social dialogue structures existing at various levels, especially sectoral social dialogue committees and European Works Councils (EWCs).

Energy efficiency policies must incorporate a **workplace**-related dimension and appropriate measures to foster **employee information, consultation** and **participation**. The workplace is a goldmine of potential energy-saving measures such as the implementation of more efficient manufacturing processes and technologies, employee mobility plans, recycling, telework or procurement choices.

Due to their first-hand knowledge of environmental problems, workers are the first ones to act on production processes and also the first to fall victim to the consequences of environmental risks as a result of accidents at work and occupational diseases. So it is important that **worker representatives are involved in energy efficiency strategies** wherever they are developed, i.e. at the company, sectoral, regional, national and European levels. **Collective agreement between employers and employees including provisions to share the gains realised by energy savings** can work as an efficient incentive for energy efficiency gains.

For example, in several European countries, trade unions are committed to improve the sustainability of travel necessitated by company activities. They take action within the framework of 'company mobility plans' and they negotiate collective agreements on issues such as telework or reimbursement of public transport ticket to the employees.

Finally, ETUC would like to draw attention to the fact that organised unions constitute a channel for **boosting awareness and passing on information** that can play a key role in European and national initiatives designed to sensitise people to the issue of energy efficiency. The unions can make a useful contribution by disseminating good practices in the area of energy efficiency through their global, European, national and sectoral organisations.

13. *What can be done to improve the efficiency of electricity transmission and distribution? How to implement such initiatives in practice? What can be done to improve the efficiency of fuel use in electricity production? How to further promote distributed generation and co-generation? (Sections 2.1-2.3)*

Improving the share of Combined Heat and Power (CHP) in electricity production is crucial to the objective of improving the energy efficiency in energy production. The ETUC is in favour of noveling the CHP-Directive in order to set binding objectives for increasing the share of CHP in electricity production within the EU in a reasonable time limit. Appropriate national objectives for all Member states should be fixed as well. This would mean a significant decline in CO_2 emissions.

14. *Encouraging electricity and gas providers to offer an energy service (i.e. agreeing to heat a house to an agreed temperature and to provide lighting services) rather than simply providing energy is a good way to promote energy efficiency. Under such arrangements the energy provider has an economic interest that the property is energy efficient and that necessary investments are made. Otherwise, electricity and gas companies have an economic interest that such investments are not made, because they sell more energy. How could such practices be promoted? Is a voluntary code or agreement necessary or adequate*?

The ETUC is in favour of extending the **public services obligations** of **electricity, gas, petrol suppliers and providers** towards energy-efficiency measures. These obligations should include:

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- the supply or **provision of energy services,** as the suppliers have the know-how required to optimally develop their energy services. Naturally, such an obligation will have to be introduced gradually. With respect to the proposal for a directive on energy end-use efficiency and energy services (COM (2003) 739 final),.
- the **granting of third party financing funds** to households and SMEs, allowing them to invest in energy efficiency measures. Invested funds would be refilled by extending the pre-investment invoice price, while the expected energy savings will be in effect during a certain period.
- the obligation to mention **the range of expected energy use** on the monthly invoice for per type of household.
- special energy savings advice and assistance should be provided in order to **battle fuel poverty**.

Besides, the respective **distribution system operators** should be responsible for promoting energy services and measures aimed at improving energy efficiency (using awareness-raising campaigns). These operators should also have to submit an annual report on any headway made regarding the network's energy efficiency.

These requirements should be provided for by the draft Directive on energy end-use efficiency and energy services.

16. *Encouraging industry to take advantage of new technologies and equipment that generate cost-effective energy efficiencies represents one of the major challenges in this area. In addition to the carbon trading mechanism, what more could and should be done? How effective have been the steps taken so far through voluntary commitments, non-binding measures adopted by industry, or information campaigns? (Section 3)*

The ETUC is surprised that no attention is paid in the green book to **recycling and recovery.** Recycling and recovery harbour huge potential for energy savings and must be included in any policy on energy efficiency. Moreover, recycling offers significant employment and training opportunities. Evidence from local authorities shows that more complex recycling and waste management strategies create a range of more skilled employment than offered by landfill alone.

As regards voluntary agreements, ETUC supports Corporate Social Responsibility (CSR) activities or voluntary agreements on energy efficiency provided that 1) they do not contradict international social and environmental standards and 2) stakeholder participation and effective monitoring of commitments by worker representatives are ensured. For these reasons, the ETUC supports the EMAS scheme, as it contains provisions on workers' participation and consultation.

17. A new balance between modes of transport – a major theme of the strategy set out in the White Paper that the Commission adopted in 2001 on a European transport policy for 2010 – is still a top priority. What more could be done to increase the market share of rail, maritime and inland waterway transport? (Section 4.2)

Improvements made as a result of better technologies and fuels have considerably reduced emissions of some pollutants. However, they will not be able to compensate for the increase in emissions caused by the growth anticipated in the transport sector.
Bearing this in mind, whilst ETUC acknowledges the need to **increase the market share of environmentally-friendly transport modes** and the development of an integrated transport infrastructure**.**

Two conditions are required to achieve the required changes.

- Firstly, the "polluter pays" principle should be implemented through a pricing system that covers the user-generated external social and environmental costs and a common European methodology

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for charging for the use of trans-European transport network infrastructure must be proposed by the Commission.

- Secondly, collective bargaining between employers' and employees' representatives of the most emitting sectors should be put in place in order to address the consequences of the required measures on employment and working conditions. If social legislation is not applied more rigorously in the road transport sector, any pricing measure would actually lead to poorer social conditions in the sector without reducing damage caused to the environment.

ETUC also stresses that **the policy of rail liberalisation** is fundamentally incompatible with the aim of redressing the balance between the different modes of transport since it won't allow the rail sector to regain the market share it has previously lost.

19. *Among the measures that could be adopted in the transport sector, which have the greatest potential? Should priority be given to technological innovations (tyres, engines…), particularly through standards defined jointly with the industry, or to regulatory measures such as a limit on fuel consumption of cars? (Section 4.3-4.5)*

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21. *Infrastructure charging, notably paying to use roads, has started to be introduced in Europe. A first proposal was made in 2003 to strengthen the charging of professional road transport. Local congestion charges have now been introduced in some cities. What should be the next steps in infrastructure charging? How far should "external costs" such as pollution, congestion and accidents be directly charged to those causing them in this manner? (Section 4.4)*

T**he existence of affordable, efficient and environmentally-friendly urban transport systems** is crucial for a sustainable transport system. Therefore, liberalisation policies must guarantee public authorities the possibility of subsidising such transport.

Local congestion charges in cities have a potentially useful role in promoting fuel efficiency. However, they must be accompanied by **new investment in efficient and affordable public transport system**. A key issue with regards local congestion charges is the **financial incentive available to employees using public transport schemes**. For trade unions, free access to public transport should be considered, depending on the level of pollution and congestion of the urban public spaces.

Sustainable management of journeys made by workers **commuting to and from work** is encouraged by trade unions. They point out the link between less energy-intensive transport modes and the benefits for workers' health, decent working environment and job creation in alternative transport modes or new posts (e.g. mobility manager), without losing sight of the economic gains for the company.

24. *How could advances in energy efficiency technology and processes in Europe be put to effective use in developing countries? (Section 6.3)*

For the ETUC, the CDM projects funded with public money should effectively contribute to the sustainable development of the host country. This means that the funding of such projects by public authorities or by public export credit schemes should be made conditional to the respect by the project promoter of the internationally recognised social rights, i.e. respect the principles of the OECD's guidelines for multinationals, the eight ILO basic conventions, Convention 155 on Occupational Health and Safety and Convention 169 on Indigenous and Tribal Peoples.

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