

**SOUTH EAST ENGLAND COUNCILS
EXECUTIVE COMMITTEE MEETING**



Date: 9 December 2011

Subject: **Implications for Councils of the EU's Proposed Energy Efficiency Directive**

Report by: Cllr Gordon Keymer CBE, Europe Task Group Chairman

Recommendations:

SEEC Executive members are asked to:

- i) Note the significant implications for councils of the European Union's proposed Energy Efficiency Directive.
- ii) Agree that SEEC should write to South East MEPs and the Government outlining members' concerns on the proposals. Principal concerns include imposition of top-down targets for renovation of public buildings/energy efficiency through public procurement, and significant cost implications.

1. Background

- 1.1 The European Commission (EC) recently published its draft European Union (EU) Energy Efficiency Directive¹. This sets out major new proposals to address concerns that the EU is not on track to achieve its target of reducing energy consumption by 20% by 2020.
- 1.2 The draft Directive is at first reading stage in the European Parliament. It goes to the Council of Ministers in January 2012 and then the process is repeated for the second reading, with a final third reading before adoption. The process will take about a year, following which the final Directive will need to be transposed into UK law.
- 1.3 It is important SEEC members are aware of these proposals as they raise a number of significant potential requirements and cost implications for local government. Whilst local government is supportive of the need to increase energy efficiency, the top-down nature of the current proposals and financial implications are of major concern. This paper draws out key issues for local government in the South East. I recommend SEEC should brief South East MEPs and the UK Government on our concerns, reinforcing work underway nationally by the LGA to put forward amendments². I will also continue to raise issues with decision makers through my leadership of the UK Delegations to the EU Committee of the Regions.

2. Key issues

- 2.1 Increasing energy efficiency is important to reduce carbon emissions, and the Directive rightly acknowledges the important role local authorities have in helping deliver this. There are however three key areas of concern for SEEC members regarding the proposed requirements:

¹ http://ec.europa.eu/energy/efficiency/eed/eed_en.htm

² LGA's position statement is available at: http://www.local.gov.uk/web/10161/eu-environment-energy-and-sustainable-communities/-/journal_content/56/10161/2944145/ARTICLE-TEMPLATE

- i) Top-down targets for the renovation of public buildings
- ii) Top-down requirements for the promotion of energy efficiency through public procurement, and
- iii) Financial and administrative burdens.

i) Top-down targets for the renovation of public buildings

2.2 The draft Directive would require³ public bodies including local authorities, from January 2014, to annually renovate 3% of the total floor area of the buildings they own over 250m². Renovation would need to meet at least the minimum energy performance requirements set in current building regulations. Local authorities would also have to contribute towards a publicly available inventory of buildings owned by public bodies detailing the energy performance of each building.

2.3 Whilst improving the energy efficiency of buildings is important to help reduce carbon dioxide emissions, the proposed mandatory annual target is an inflexible and impractical means of achieving this, and at odds with the UK government's localist approach. Such targets must be removed.

2.4 Furthermore a better approach would be to focus on energy use reduction rather than simply renovation. This would recognise, for example, the value of improved heating/cooling equipment and maintenance, as well as the positive impact of behaviour change initiatives.

ii) Top-down requirements for the promotion of energy efficiency through public procurement

2.5 The draft Directive would require⁴ public bodies to meet high energy efficiency standards when procuring works, products or services eg purchase or rent of buildings, equipment, and services from third-parties.

2.6 Whilst we agree local authorities should play an important leadership role in procurement best practice, the imposition of mandatory top-down requirements raises concern. In practice good procurement must strike a balance between a number of criteria, including not only energy efficiency but also value for money and other factors (eg building location and size).

2.7 Compulsory criteria should not be imposed; rather the Directive should focus instead on ensuring guidance is available to local authorities on the value of energy efficient products, and enabling local authorities to decide how to achieve the best procurement outcomes.

iii) Financial and administrative Burdens

2.8 Proposals in the draft Directive would impose significant financial and administrative burdens on local government. These include not only the cost of renovations, but also regular statistical reports and evaluations, and the need to monitor the energy performance of contractors. We ask that administrative burdens are minimised in the Directive, and any additional financial and resource implications that arise from the Directive must be met by the government.

³ Set out in Directive Article 4

⁴ Set out in Directive Article 5