

**ENERGY CHARTER
SECRETARIAT**

CCDEC 2003

6 EEF

Brussels, 26 June 2003

Related documents: CC 245, CC 250

DECISION OF THE ENERGY CHARTER CONFERENCE

Subject: Recommendations on the In-Depth Energy Efficiency Review of Denmark

[The Energy Charter Conference at its 12th Meeting held on 26 June 2003] *welcomed* the report on the In-Depth Energy Efficiency Review of Denmark, contained in document CC 245, and *endorsed* the recommendations to the Danish government contained therein [Annex].

Keywords: In-depth Review of Energy Efficiency Policies and Programmes, PEEREA,
Recommendations, Denmark

Recommendations on the In-Depth Energy Efficiency Review of Denmark

as adopted by the Energy Charter Conference
at its 12th Meeting held on 26 June 2003

General Recommendations

The Government should implement its energy policy by paying due attention to defining energy efficiency objectives and targets and develop adequate national strategies and programmes compatible with the priority given for liberalisation of the energy markets.

The Government should analyse and define the potential for cost-effective energy efficiency measures in the various sectors of the economy with a view to contribute to climate change targets, security of supply and increased industrial competitiveness.

The Government should take steps to ensure that the public and private sector investment in energy efficiency and renewable energy continue to support industrial policy and the realisation of the future potential for Danish export sales growth.

A clear statement on the importance, role, benefits and objectives/targets for energy efficiency should be provided so that all actors receive clear, consistent signals compatible with the re-orientation of the energy efficiency strategy towards a more market-based approach.

On-going monitoring and evaluation should be rigorous and comprehensive for all elements of energy efficiency policy, including specific programmes such as industrial voluntary agreements as well as legislative requirements such as the obligations of energy companies to undertake DSM activities.

Sectoral energy efficiency policies and programmes

The Government should aim to make the building labelling scheme more customer friendly and investigate if there is a possibility to make a relationship with DSM activities in order to lower the costs of its application; the Government should also implement appropriate marketing of the building labelling scheme to improve its perceived value to the target audience.

The Government should take advantage of international co-operation to develop a methodology for the certification of buildings in compliance the EU Directive on Energy Performance in Buildings.

The Government should investigate the possibilities of the further energy efficiency measures in buildings and identify the CO₂ reduction potential of each measure.

The Government should pay attention to the future position of the industrial voluntary agreements in the period of transition to emission trading and integrated pollution prevention control (IPPC) licensing; the Government should evaluate whether more stringent energy efficiency targets are possible in the frame of the extension of such agreements.

The Danish Energy Authority should prepare new consumer-oriented information strategies for all sectors to include alternative delivery options, given the decision to terminate the Energy Information Centre in 2003.

While it has been decided not to change the new car registration fee at the present time, the option to introduce more “green” registration fees should remain a valid option for consideration in the future.

Energy efficiency and the environment

In implementing the climate change strategy, the Government should re-visit the potential for energy efficiency improvements by undertaking cost-effective measures in the various sectors of the economy; this should effectively complement the uncertainties inherent in the use of flexible mechanisms.

Within the current allocation of responsibilities for the flexible mechanisms the government should ensure that the most appropriate Danish institutional and industrial expertise is involved to maximise the effectiveness of the mechanisms and the benefits to the Danish economy.

Monitoring of the national strategy for sustainable development should provide for additional indicators on energy efficiency and renewable energy to better reflect and guide their future contribution to sustainable development.

At the first review of the national strategy for sustainable development the opportunity should be taken to incorporate more energy efficiency and renewable energy indicators to guide further developments in the energy sector, and, in an effort to develop national consensus, possibly present it to Parliament or the appropriate Parliamentary Committee for approval.

Energy prices, taxation and market functioning

Taxes on electricity and energy in the industrial sector should be maintained until such time as the emissions trading scheme is fully operational and the price of permits is predictable.

The functions of the Danish Energy Regulatory Authority (DERA) should be focussed on its core responsibilities of regulating tariffs of natural monopolies and access to the networks; energy efficiency responsibility should be under a separate authority, such as with the DEA.

While supporting the government aim to ensure consumers’ easy access to complaint in the energy sector, the Government should take steps to secure the smooth functioning of the DERA in the sense of minimising the number of unjustified complaints.

CHP and District Heating

In the process of phasing out the existing CO₂ quota system and adapting to the forthcoming emission trading directive of the EU, the Government should adopt market regulation and taxation policies which would include justified incentives for maintaining the cost-efficient and environmentally-friendly CHP and DH systems in operation.

The Government should develop a medium to long-term strategy on how to deal with CHP/DH systems in the evolving liberalised market, taking into account cost-effectiveness criteria, environmental benefits, and respecting EU and other international obligations.

Institutional Framework

The Government should identify effective ways of supporting the local energy saving committees in playing a more active and catalytic role by bringing together energy utilities, municipalities and other local actors.

Building on the positive experience and effective results achieved during its operation, the Electricity Saving Trust (DEST) should continue to seek to balance the use of internal and external resources for the cost-effective fulfilment of its objectives.

There has been an impressive market alignment of several of the initiatives taken by the DEST. The potential for similarly aligned programmes should be examined in the light of the DEST experience

The government should support local authorities in developing the necessary managerial and institutional capacity to handle energy efficiency initiatives and projects at the municipal level.

Renewable Energy

In case that the current energy situation and market structure in Denmark cannot sustain further capacity expansion of renewables, the option for renewable energy in the long-term should be maintained and supported through R&D and long-term policy commitment.

The government should deliver on its commitment to develop a labelling scheme for electricity produced by renewables so as to facilitate consumer choice and provide an indication of demand for green energy.

Technology Development

The energy research portfolio balance should be the subject of regular reviews to manage the application of funds and research effort to maximise national benefits.

A greater concentration on basic research and capacity building could result in a gap between research and implementation. The DEA should keep this under review and take the initiative to secure private sector involvement.

Research commissioned by the transmission/grid operator and funded through a PSO has the potential to ensure effective take-up of results. While the DEA approves all such programmes, there may be merit in consulting other stakeholders in the research community.

Role of Utilities

The effectiveness of DSM programmes financed by PSO and delivered by the grid companies should be the subject of regular reviews.

While appreciating the effective DSM programmes developed so far by the energy utilities, the Government should analyse the opportunity of separating the management and delivery of energy efficiency services in order to improve market transparency, competition and efficiency.

The balance between centralised and decentralised activities in DSM programmes should be monitored to ensure subsidiarity and overall effectiveness; complementarity and co-ordination with the DEST should be further examined.

Arrangements to improve the effectiveness of services in all energy areas should be considered along the lines of an integrated customer focussed approach.