

ACCESS TO ENERGY

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Contents

| | | | |
|--|-----|---|-----|
| Scotland eyes 'energy switching' to tackle fuel poverty..... | p.1 | Global clean-energy 'revolution' falters ahead of Rio | p.5 |
| Doubts cast over consumer benefits of smart meters..... | p.2 | Our vision for Europe: Reliable, affordable and low-carbon energy | p.5 |
| Brussels braced for energy liberalisation backlash..... | p.3 | Energy poverty takes toll on Balkan forests..... | p.6 |
| EU's climate and energy deals 'disadvantageous for Poland' | p.3 | EDF: Price rise for low-carbon electricity on the way | p.7 |
| Analysis shows EU should consider alternatives to ETS..... | p.4 | | |

Scotland eyes 'energy switching' to tackle fuel poverty



Scottish politicians will try to kick-start a pioneering collective bargaining plan already tested in the Benelux countries that supporters say would help communities tackle fuel poverty.

Energy switching involves auctioning off monopoly energy provision rights for communities, and has already led to average energy savings of €250 per customer in Belgium, its advocates say.

Additionally, only 100% green electricity contracts from EU-recognised renewable energy sources have been used in the Belgian scheme, making it attractive from an environmental viewpoint.

Scottish politicians have decided to get inspiration from the Belgian model by convening a roundtable on 28 June.

Experts attending the 'Dundee Energy Summit' include David Sigsworth of the Scottish Fuel Poverty Forum, Belgian and Dutch organisers of similar schemes, and representatives of the UK's energy watchdog Ofgem and Consumer Focus Scotland.

The stated objective is to reduce energy bills for communities.

"People here are really struggling with their fuel bills," said Scottish Parliament member Jenny Marra, the Labour Party

organising the event.

"Around 35% of households suffer from fuel poverty in Dundee, but even people who're not in poverty and have good jobs are struggling to pay their bills."

The Dundee Summit will be the first attempt to apply 'energy switching' in the UK since the consumer group Which? signed up 300,000 people to the first such British scheme, only to face criticisms that their deals might not have been the best available.

But the need to find ways of lowering fuel bills for those in dire need is clear.

Fuel poverty predictions

The UK has led the way in defining 'fuel poverty' in Europe as the expenditure of 10% of income on home heating. But the European Federation of Public Services Unions still predicts a 40% increase in UK fuel poverty by 2016, affecting 9.1 million people.

Although figures for 2010 show that the number of households in fuel poverty fell by 750,000, average bills have risen by €185 since then, enough to push another 400,000 people into fuel poverty.

Prices were again increasing in 2011 and for every 5% rise in

fuel prices, an estimated 46,000 more households in Scotland become fuel poor.

Marra said that she expected a high acceptance of energy switching from communities.

Nuts and bolts

The Scottish roundtable will examine the "nuts and bolts" needed for an intermediary body to begin the process of signing up 10,000 energy customers – the number needed before a collective contract can be opened up for bids.

"If we can make it work for council or housing association tenants, we can extend it on a city-wide basis," she explained. "That's the ambition."

But David Sigsworth, who also chairs the Scottish Environment Protection Agency – the Scottish Nationalist Party government's environmental regulator – had more modest ambitions.

"This will very much be a conceptual discussion, leading to a replication of the Belgian experience, if that is possible," he told EurActiv.

An interim report presented to the Scottish Parliament was already embracing collective purchasing and energy switching as "a potential opportunity," he believed.

Belgian experience

Energy price switching began in Belgium in 2008 with an experiment involving heating oil, subsequently applied to the province of Antwerp through the Belgian Labour Party.

A winning tariff is selected at the end of a live internet energy utilities auction, and is then sent out to consumers who can choose whether to accept it or not.

"It's a good way for energy utilities to find new customers," said Filip Visser of iChoosr, the platform which organises energy switching in Belgium. "The energy companies bid hard to seal the deal so sometimes they even go under the [social] tariff."

Five Belgian provinces now use gas and electricity collective purchasing schemes, and with the scheme's spread to the Netherlands, some 850,000 people are now signed up to them.

"It's a complex market," Visser said, but the fuel poverty issue has many complexities.

A question of definition

Following passage of the 2009 Energy Liberalisation Directive, which asked each EU member state to define the term "vulnerable customer", energy

ministers agreed to produce a common definition.

But a spokeswoman at the energy department of the European Commission did not know when or if this might be forthcoming.

In a revision of the EU's directive on the energy efficiency of buildings, an amendment proposing a similar fuel poverty definition to the UK's was proposed, dubbing it a "situation in which a household has to spend more than one tenth of its income to pay bills to heat its dwelling to an acceptable standard, based on levels recommended by the WHO." WHO is the World Health Organisation.

But the issue is more complicated than that, according to groups such as the European Partnership for Energy and the Environment (EPEE), because fuel poverty is a "multifaceted phenomenon" reflecting a depth and variety of conditions.

An EPEE study found that in Spain, the number of households suffering fuel poverty "can vary by a factor of five" when qualitative criteria – such as dampness, capacity to pay, arrears – are chosen, rather than a 10% of income figure.

Nonetheless their report accepted that low-income tenants were most affected by fuel poverty.

Doubts cast over consumer benefits of smart meters

The European Commission has asked member states to present before September their cost-benefit analyses on the deployment of smart meters that could lead to 80% of consumers being equipped with intelligent metering systems by 2020. But a recent study casts doubts over their cost-effectiveness and the benefits they bring to consumers.

Smart meters record energy or water consumption, sending the readings back to the power or water suppliers for monitoring and billing. A cost-benefit analysis currently deployed in member states will be finalised by 3 September 2012.

In a recommendation paper, the European Commission says it is yet to be convinced that smart meters are “economically justified”.

The EU executive’s doubts are being raised despite an increased acceptance of smart meters across European countries. In Italy and Sweden, smart meters cover almost 100% of households while they have been rolled-out on a large scale in the UK and Spain.

Consumers ‘underrepresented’

However, a recently published study of the Free University in Brussels (ULB) commissioned by the European Consumers Organisation BEUC, found that consumers are not the main beneficiaries of this technology, calling current efforts “a missed opportunity” for end-users.

“Smart meters might be beneficial to some consumers, but we certainly have doubts about whether they will be beneficial to all consumers,” Johannes Kleis of BEUC told EurActiv.

Smart meters are controlled by producers and sellers while consumers are underrepresented and “energy savings” is not a main objective, BEUC’s study says. It also says many energy users are not yet educated about how to benefit from smart meters.

But giant industry players are already one step ahead of the game, having pioneered different smart meter scenarios for users and energy retailers. Bastian Fischer of Oracle says technology means consumers have gone from

being “victims” of meters to being more actively involved in their energy consumption and billing.

“From victims of the meters we are becoming active members of the supply chain and can influence what energy we can consume – the same goes for shirking the energy load and choosing our own energy mix,” Fischer told a recent conference on smart metering.

Policy is crucial in providing the right incentives for investors, Fischer agreed. “We need to marry business policy and technology to make it easier for consumers to adapt,” he said.

Conflicting savings estimates

Several national assessments of the impact of smart meters have so far showed conflicting savings predictions, which range from 2% to 40%.

Only around 10 % of EU households have some sort of smart meter installed, according to the European Commission, and these users have reduced their energy consumption by 10% or even more in some cases.

In Britain, the AlertMe project allows customers to

turn off appliances by web interface or mobile; in eight months, residents have saved roughly 40 % electricity. In Spain, the forecasts by the GAD project show that a normal consumer could save 15% of total energy consumption, European Commission figures show.

The Dutch government has estimated that smart meters can conserve up to 10% of all energy used in a household.

But ULB researchers analysed six energy industry studies on the use of smart meters showing savings of between 2-4% in the best cases where consumers opted for their use. The six studies were undertaken by EDF (France), E.ON (Germany), Scottish Power, SSE (Scottish and Southern Energy), CER (Commission for Energy Regulation in Ireland) and Intellekon (Germany).

Who benefits?

Consumers representatives worry that producers and energy suppliers “could be the ones taking all the benefits” from the EU-wide deployment of smart-metering systems.

If demand-response becomes compulsory there will be some low-income consumers who

are already using very little energy for very basic activities and will not be able to reduce their consumption any further, Monika Stajnarova, an expert on smart meters for BEUC told EurActiv.

“We are against the mandatory roll out [of smart meters] for the whole population - some consumers will pay for the smart meter all the while not being able to benefit from them. Consumers need to be given the choice,” Stajnarova said.

The BEUC report shows that the possible hypotheses the Commission has used to draw its conclusion on the consumers’ need for smart meters is “too general with regards to the plurality of consumers, and the huge diversity of practices involved in households”. To present, there is no study that considers the diversity of consumers when assessing the energy savings potential, the report found.

However, the consulting firm Frontier Economics has developed a model based on 200 different types of households in order to assess for which consumers smart meters would be financially beneficial. In one case, just 15% of surveyed households

in Germany benefited from the country’s compulsory roll-out of smart meters.

Who pays?

“Energy suppliers will, of course, try to push any cost they have on final customers,” Gierulski of the Commission’s energy efficiency unit said at a recent smart-metering workshop.

“Companies need to be sure they will make a profit in order to invest,” said Gunnar Lorenz of Eurelectric. “We have to explain to customers what this box is and what it does so that they trust it and feel comfortable with it and do not feel like they are monitored by a big brother,” he added.

The European Data Protection Supervisor (EDPS) told EurActiv that it was worried about the fact the energy retailers will have access to energy consumption patterns and will have a choice between being “generous” and helping the consumer to shift electricity loads and save money or not.

“The fact that a company knows a lot of personal information about us may make it easier to use this to its own advantage, which may mean, among other things, increasing the possibilities of price discrimination,” the EDPS said.

BEUC is critical about the socialisation of cost – in other words, power utilities spreading the costs implied by the roll-out of smart meters in 80% of households in an even manner amongst all of their clients. “There should be a fair sharing of costs for all investments required, but also between all actors that could potentially benefit from the new meters: the different functionalities and benefits that they bring to different actors need to be analyzed and thus determine the distribution of costs amongst those actors,” Stajnarova said.

The Brattle Group consulting firm warned in 2009 about the major investments that the EU is poised to make in order to install smart meters in households EU-wide. They estimated that this would cost EU €51 billion by 2020, whilst the improvements would be between n €26 billion and 41 billion, leaving a gap of €10 billion to 25 billion between benefits and costs.



Brussels braced for energy liberalisation backlash



Brussels grandees claimed that the liberalisation of Europe's energy sector would take the edge off electricity bills but as the EU prepares to evaluate the policy three years on, unease about its benefit for consumers shows no sign of abating.

The third energy package of 2009 was seen as a completion of the EU's internal energy market, with new 'unbundling' rules supposed to separate energy generation from distribution, transmission and supply.

The package "was introduced as a way to bring down energy prices," said Johannes Kleis, a spokesman for the European Consumer Organisation (BEUC). "However, what we see in many countries is that energy prices [continue to] go up."

In countries such as the UK, household energy prices have risen by an estimated 140% since 2004, with 90% of that rise occurring in the last six years.

Yet at the time of the package's

launch, the Commission believed that liberalisation would increase competition, prevent monopolies forming and bring cost advantages to consumers.

"We know that markets bring the best prices and the best service," said the EU's then-Energy Commissioner Andris Piebalgs in a 2007 interview with EurActiv. "That is a generally well-perceived truth."

Five years on, Jan Panek, an official responsible for coal and oil markets at the European Commission, defended the EU executive's liberalisation drive, saying other factors bore greater responsibility for the rise in energy prices – including taxation, distribution and transport costs.

"It is far too easy to say it is all liberalisation's fault," Panek told a roundtable meeting on fuel poverty in the European Parliament organised by the French energy giant, EDF.

"Trying to [make] intellectual

shortcuts doesn't help people in energy precarity [vulnerability to cut-offs]," he said

Liberalisation thinking

The thinking behind the liberalisation package had been that preventing, for example, gas pipeline companies from also owning electricity grids would open up the market for investors to rush in and fill any gaps in the market at the lowest possible cost.

As Piebalgs put it, "You really need to create competition to put prices down because that is the only way to use as little money as possible."

Even if prices rose, they would do so by less than would otherwise have been the case, he argued.

But academics such as Stephen Thomas of the University of Greenwich say this left the Brussels guns facing in the wrong direction.

"The third package focused on the wrong thing," Thomas told EurActiv. "It completely ignored the [real] problem of the integration of energy generation and retail."

"None of the wholesale networks are operating as they should do," he said.

Increasing monopolisation

Robin Simpson, an energy consultant for Consumers International, said he was "extremely concerned" about what he described as an

"increasing monopolisation – or oligopolisation – of the market on the European scene".

"We have seen the re-emergence of 'vertical integration' between generators and distributors," he told EurActiv. "Companies such as EDF and London Electricity will choose to buy electricity from their own generators rather than on an open market."

In 1998, EDF won a battle with British Energy to buy London Electricity, a former public utility. The French company subsequently bought British Energy in 2009.

Hailing the acquisition, EDF Energy chief executive Vincent de Rivaz said it would "reinforce EDF Energy's strategy as a vertically integrated energy company with leading roles in generation, distribution and supply of energy."

The combined – mostly nuclear – electricity generation would have "the lowest carbon emissions per unit of electricity of any major generator," de Rivaz said.

Consumer choice

Energy market liberalisation was initially supported by many European consumer groups that believed it would provide more customer options – and therefore consumer power.

As Simpson put it, "our members thought it would usher in a new dawn where the consumer was king, with the choice between many different [electricity] options. But what we've actually seen is

many people making the wrong decisions."

Misleading and high pressure sales techniques pitched at vulnerable households garnered press attention in the UK after the national regulator Ofgem pushed EDF into paying back €5.5 million to customers.

But research by the group Consumer Focus found that problems with the way the market was operating might be more systemic, with large numbers of consumers still finding their bills confusing.

According to Thomas, it is "almost impossible" for consumers to make informed choices about their electricity supplier because they only know the sum companies charged in the past, not a guaranteed price for the future.

"If I switch and a few days later, the company put their price up and are no longer the cheapest company what do I do?" he asked. "Switch again? And how often do I have to check that I'm still with the cheapest supplier?"

Consumer studies in the UK, where market liberalisation is most advanced, suggest that consumers who switched energy suppliers, frequently lost out.

With the public also seeing petrol prices rise quickly in response to market signals, but fall slowly when the underlying cost went down, the result was general public scepticism, Thomas said.

"People may not know much about liberalisation but they know a bad smell when they smell one," he said.

EU's climate and energy deals 'disadvantageous for Poland'

Big EU countries such as France and Germany suggest that Poland should reduce its dependence on coal for its electricity. But Mieczysław Kasprzak explains why coal is so important to the country.

Mieczysław Kasprzak is secretary of state at the Polish Ministry of Economy. He spoke to EurActiv Poland chief editor Maria Graczyk.

Poland, which gets about 90% of its electricity from coal, published a draft 'Renewables bill' last December, aimed at spurring alternative energy. Amendments have been introduced since and consultations on the new draft bill have now come to an end. What is the philosophy of the bill?



The bill focuses on the process of exploitation. The differentiation of support is derived from three main factors: the type of source, the power which is installed and, finally, the year in which the project is put into operation. In the process of determining support, these three factors are taken into consideration. The older the device means that less support may be expected. Secondly, the smaller the source, the greater the support it needs, due to the unit costs attached.

The type of the source is also of great significance. There are sources which generate power at a lower cost as well as sources

whose cost of generating one megawatt hour (MW-h) is higher. The higher the cost, the greater degree of support is foreseen.

The fragmentation of the production of energy, or its diversification, is also one of the key points of the bill and the policy. Our concern is to produce energy in small plants, as close to the final consumer as possible, in order to avoid its waste while it is transferred. We would also like to let people produce heat and power themselves.

How much green energy does Poland have?

At present 7.7% of electric power comes from renewable sources. The number should increase to 15% by 2020. The percentage, however, includes the power from bio-components added to liquid fuel and liquid biofuel in the transport sector. The aimed share of renewable energy in transport for 2020 has been set at 10%. To put this into perspective, the share of bio-components and other renewable fuels in transport fuels in 2011 amounted to 6.25%.

On the one hand, the

Continued on Page 4

Continued from Page 3

government heralds the support for renewable energy, but on the other hand, it considers building a nuclear plant....

These are complementary solutions. Renewable energy will not meet total energy needs. Today for Poland, brown and hard bituminous coal are fundamental for its energy. And this state of affairs is to remain for a long time.

The fact that meeting the EU requirements will cost 5 to 13 billion zlotys (€1.2 billion to €3 billion) a year means that the money will have to be put in anyway. Perhaps even stronger endorsement of pro-environmental projects that would entail the reduction of carbon dioxide emission is worth considering?

It is not we, as a country, that will incur the cost of 5-13 billion zlotys but the final consumer.

A conventional source is still cheaper nowadays. That is why various actions need to be taken simultaneously.

Professor Andrzej Kraszewski recently highlighted how disadvantageous is the EU's climate and energy package for Poland. In his opinion, it is of interest mainly for a few large member states of the EU.

It is disadvantageous for

Poland because we pay the price for ages of using coal and such a situation cannot be changed within 5, 10 or even 50 years. Germany and France built too many nuclear plants and they have an excess of energy today. They suggest that we should give up our own power industry as well as coal and buy their energy or devices for generating it.

What if the Union still pushes forward its goal for the reduction of CO₂? Even though Poland blocked

the resolution calling on the European Commission to put in place a new policy framework for low-carbon energy up to 2030, Brussels can still ignore it by means of directives and other regulations.

But who can handle this? Neither the national economy, nor industry can. The Union has to adopt a rational perspective if it aims at a well-developing country. Otherwise it may expect to get a second Greece.

Analysis shows EU should consider alternatives to ETS



Europe's emissions trading scheme has failed to create incentives for utilities to use cleaner energy fuels, meaning that governments will have to switch to simpler tools, such as subsidies and regulation, to enforce emissions reduction targets.

One of the most effective steps to reduce emissions would be to switch from coal-fired power generation to gas, which produces about half the emissions of coal.

The European Union's emissions trading system (ETS) puts a price on allowances to emit greenhouse gasses into the atmosphere. But since the scheme's launch in 2005, the system has failed to create sufficient incentives for industry and power generators to switch to cleaner energy sources, Reuters data show.

At current market prices for power, gas and coal, a tonne of CO₂ emissions would have to

cost almost €40 to make gas more attractive than coal-fired power generation, Reuters data show. The actual price for CO₂ emissions is less than €7 a tonne.

"What is becoming clear is that the result of the inherent inefficiencies in gas pricing are limiting the market-share gains of that commodity and are pushing users in high gas price regions [Europe and Asia] to continue using coal," Barclays Capital said in a research note on Thursday (14 June).

"This is locking the world into a much higher emissions path [and] we estimate that global CO₂ emissions from primary energy consumption were up by 2.9% year on year.

Not costly enough

The most obvious failure of the ETS has been that emissions allowances are not expensive enough to make it

more attractive to invest in cleaner fossil fuel sources.

Yet an equally big, if more hidden, failure of the ETS has been that there are too many market variables at play to make emissions consistently expensive enough to facilitate the long-term investment decisions needed for fundamental changes in the way electricity is generated.

One such variable that the ETS has no control over is the foreign exchange market. European utilities sell their electricity in local currencies, such as the euro or sterling, but have to buy coal in the dollar-denominated coal market.

This means that swings in the dollar affect their purchasing power in the coal market.

At current market prices for power, coal and the euro/dollar, German wholesale electricity generated from coal for delivery in 2013 is

generated and sold at a profit of about €11 per megawatt hour (MWh).

Should the euro drop to its historic low of about \$0.83, the loss in purchasing power in the coal market would mean that German utilities would sell power at a loss of over €5 per MWh. At the euro's historic high of just under \$1.60, the profit per MWh would be almost €20, Reuters research shows.

At its historic average of around \$1.18, the profit would be almost €9 per MWh, about €15 more attractive than current gas power generation, which is a loss-maker.

The implications of these swings for the so-called fuel switching price of carbon (the price that a tonne of carbon would need to be to make gas-fired power generation more attractive than coal) are huge, ranging from €9 a tonne at the euro's historic low versus the

dollar to €50 for its historic high.

In effect, a carbon price of €15 to €20 a tonne, recently voiced by the European Commission as a desired price level, would be sufficient only in a long-running scenario of an extremely low euro.

A fuel switch price of €30 or more, often quoted by analysts as necessary to push power generation away from coal and towards gas, would be possible only in a long-running scenario of an extremely strong euro against the dollar.

By contrast, current euro/dollar rates of about \$1.25 give no incentive at all to switch to cleaner fossil fuels.

A Reuters poll suggests that the euro and sterling are both set to move sideways against the dollar, implying a continuation of a market that would favour coal over gas-fired power generation in Europe.

Global clean-energy 'revolution' falters ahead of Rio

A UN push to provide electricity to more than 1 billion people who live off the grid is threatened by indecision at an important global development conference this week, despite robust support from EU leaders.

Ban Ki-moon, the UN secretary-general, has called for a "global clean energy revolution" to provide electricity to the developing world by 2030 and he won commitments to the plan from the European Commission earlier this year.

But negotiators meeting in New York ahead of the 20th anniversary Earth Summit in Rio de Janeiro appeared to fall short of agreeing commitments to provide sustainable energy in some of the world's most impoverished regions, though the final conclusions are likely to support the concept.

"A New York agreement about that was not reached," Environment Commissioner Janez Potočnik said in Brussels before heading to the Brazil meetings.

"It's logical and should be supported by everybody, but we hope we will find an agreement," he said. "It's absolutely something which is a must for human development."

Potočnik has pressed for an assertive EU role in winning binding ecological commitments at Rio from wary partners in developing and rich nations alike.

He told EurActiv he did not know why energy access has not had stronger support in behind-the-scenes manoeuvring to set the agenda for this week's UN Conference on Sustainable Development.

Money problems

But one UN Development Programme official, speaking on condition of anonymity, said donor fatigue in times of economic troubles is part of the problem.

The official, who is familiar with the Rio negotiations, also said some of the Group of 77 developing countries enthusiastically support the goal but don't want rich nations prescribing how it is to be achieved by placing environmental conditions on aid.

Olivier Consolo, who heads the CONCORD charity confederation in Brussels, says



Ban Ki-moon addresses a sustainable energy conference in Brussels in April. UN photo

the promises being made by the EU and donors to expand energy access are hollow.

"It's quite easy for Western countries to come and say, OK, we would like developing countries to move to more sustainable commitments," said Consolo. "But there are no new resources, and it seems that this is the pretext the [G77] are using to block negotiations – no more resources and no more engagement."

Ban has pressed donor nations to expand electricity access to spur economic growth while tackling health and environmental risks associated with burning wood, kerosene and charcoal for energy.

In impassioned appeals citing his own childhood in post-war South Korea without electricity, Ban has urged governments to work with the private sector to support sustainable energy investments in needy countries.

Business support

He has won important backing. The head of the World Business Council for Sustainable Development, which includes 68 leading EU corporations, serves on a board advising Ban on his universal energy initiative.

European Commission President José Manuel Barroso and Development Commissioner Andris Piebalgs in April vowed to unleash EU money to support public and private investment in sustainable energy for needy countries, through a €50-million Energising Development initiative plus additional funding.

Before the initiative was launched, the Commission was already providing millions

of euros for energy access and renewables projects in developing countries. These include the ACP-EU Energy Facility that finances cross-border energy projects in Africa, the Caribbean and Pacific nations; a two-year-old cooperation project designed to boost renewable energy in African nations; and a trust fund that has provided more than €200 million in infrastructure grants to sub-Saharan Africa.

Yet such figures pale in comparison to need. The International Energy Agency says annual investments of \$48 billion are needed over the next 20 years to provide power access to those off the grid – a fraction of the \$409 billion the IEA estimates was spent by world governments to subsidise fossil fuels.

CONCORD's Consolo urged developed countries meeting in Rio to do much more – "a kind of Marshall Plan where Western countries would accept to finance renewable energy" in needy nations. But a forthcoming CONCORD study on aid shows some EU countries – including Germany and Spain – retreating on their overseas development commitments, he said.

The number of people without electricity in the world, which the UN puts at 1.5 billion, or nearly one-in-five humans, could grow as the population lurches toward 9 billion by 2050 from 7 billion today.

Off-grid parts of South Asia and Latin America contribute to pockets of grinding poverty, says the UNDP's latest Human Development Report. But the electricity deficit is most glaring in sub-Saharan Africa, where 62% of the poorest people have no power.

Our vision for Europe: Reliable, affordable and low-carbon energy

Clean, reliable and affordable energy is essential to the fabric of society itself, driving successful industries and businesses, says Igor Czerny of EDF.

Igor Czerny is senior vice president for European Affairs at EDF, the French energy supplier.

"More than ever today, we are called upon to mobilise our resources with vision and dynamism in order to restore confidence in Europe's ability to address economic, social and environmental challenges, both now and for the years to come.

Our company's future depends on three key factors: investment, innovation and job creation. It is my conviction that creating the conditions for industry to thrive, to deliver outstanding performance year on year and to compete in a global marketplace, should be first and foremost on our collective agenda.

But for this to be sustainable we need to integrate our environmental and social responsibilities right from the start.

Clearly, our success depends on a strategic long-term vision for Europe's energy future. Clean, reliable and affordable energy is essential to the fabric of society itself, driving successful industries and businesses, and it is also a vital factor for the quality of life of all citizens.

Therefore, energy companies have to respond to the electricity demand of each and every customer, from large businesses to residential customers, at all times, in all weather conditions, while ensuring that it is provided at the lowest possible cost. And preparing the future means constantly reaching for the cutting edge of innovation.

At EDF we have a proven track record of providing this service, attentive to the needs of all our customers and to society as a whole, making us one of the most trusted brands in France. This reputation owes much to the commitment of our employees and also to our long and consistent record of operational excellence, which is based on integrating innovative technology into a stable and

reliable system of energy generation.

But customer expectations are evolving. Increasingly, customers expect energy companies to explore, develop and implement cleaner and more efficient technologies. They expect to be co-partners in the management of their own energy usage. They demand more information and more responsive services, they expect costs to be kept in check, and they want to make a real contribution to mitigating climate change. In order to adapt to this new environment, it is not enough to simply invest in new generation methods. Smart systems, eco-efficient technology, new offers and services – these are just some of the initiatives we have implemented.

As we rise to our challenges throughout Europe, clean, affordable and reliable energy will prove to be one of our major assets. That is why the discussions underway here in Brussels are so timely. All the issues on the table, the roadmap to 2050, investment in infrastructure, renewables, energy efficiency and so on, require genuine participation from all stakeholders, to ensure that we can lay the foundations for the Europe of tomorrow. This, no less, is what is at stake today.

What lies ahead requires active cooperation, open discussion, leadership and vision.

Discussions such as those made possible by European Sustainable Energy Week are sure to make a valuable contribution to wise decision-making. If we make the right decisions now, we will not only generate economic growth in the short term, but also help shape the energy landscape that future generations will inherit.

Through EDF's low-carbon mix and our commitment to innovation and environmental and social responsibility, we can help ensure sustainability in Europe. I am committed to bringing EDF's experience to the table in order to contribute to the debate on sustainable energy, a cornerstone of Europe's success going forward."

Energy poverty takes toll on Balkan forests

Governments' inability to address energy poverty in Southeastern Europe is increasing the threat of deforestation, as illegal timbering is seen by needy people as their only chance for survival through harsh winters.

Until the governments in the countries address energy poverty which touches large parts of the population, the region will face the threat of massive deforestation, experts told EurActiv.

The hard-scrabble landscapes in Greece and Turkey, where a similar process of deforestation from illegal timbering took place decades ago, should make politicians in Bulgaria and the Western Balkan countries think about their enormous responsibility to preserve the forests, says Georgi Stefanov, climate and energy officer at WWF Bulgaria.

Indeed, the use of wood for heating is becoming more widespread throughout the Western Balkans. The countries suffered from the hardships of transition from a centralised economy to the free market, and in the case of the Western Balkans – of the successive wars that helped cause the collapse of Yugoslavia.

No reliable statistics

And as power prices soared and salaries stagnated in the past years, the use of wood for heating has increasingly become an alternative to electricity, not only in rural areas, but also in cities. According to some experts, district heating systems inherited from the communist era were “not the solution” for heating households in the region.

Although UN statistics suggest that forested area in Bulgaria has grown since 1990, some surveys show that consumption is much higher than reflected in official statistics. Illegal harvesting also takes place, in some cases the business being called “timber mafia”.

In Serbia, some analysis estimate that typical firewood consumption over the last several years has reached 12 million cubic meters in winter; while official statistics report only about 2 million cubic meters.

Firewood consumption in Kosovo is estimated at more than 2 million cubic meters – more than five times higher than official statistics. Similar situations are found in Albania, Bosnia and Herzegovina, Macedonia and Montenegro. The difference between estimates and official statistics is less dramatic in Croatia.

“The positive side of the picture is that Bulgaria, Romania, Serbia, Macedonia and other Balkan countries still have a lot of forests,” said Stefanov. He said that he had impressions both from his country Bulgaria and from Serbia, as his parents were living at the border and he realised that the local authorities on both sides were confronted with exactly the same problems.

He also pointed out that unlike in the more prosperous Western countries, where firewood is used by wealthier people, in Southeastern Europe this resource is predominantly used by the poorest, who burn it in stoves with very low

energy efficiency.

In Bulgaria, these stoves made of tin are called “Gypsy love,” because they heat up rapidly and cool down even more quickly.

Ecological disasters

In some impoverished areas, such as the Eastern Rhodope Mountains, near the city of Momchilgrad, most of the population contributes to deforestation, simply because residents lack income. In those cases energy poverty means ecological disaster, Stefanov said.

“Entire hills are being completely deforested in just one or two seasons”, he said, adding that the situation was similar regarding all areas with compact Roma population across the country.

He said that the problem was aggravated by the lack of interest of local authorities and politicians to tackle the problem, but also of the media, who in his words ignore the issue.

Burning wood also

contributes to the country's poor air quality. Bulgaria as well as Romania trail only Armenia in having the world's second highest mortality rates from urban air pollution, according to the United Nations Development Programme (UNDP).

The UNDP's 2011 Human Development Report shows that while the annual death rate from poor air quality is slightly higher in Romania (439 deaths per million people compared to 437 in Bulgaria), Bulgaria leads Europe in the intensity of air pollution, ranking in the top one-quarter of the most polluted of the 187 countries included in the report.

Only Armenia has a higher annual mortality rate than the two EU countries – 882 per million population in a country of 3 million people.

Cheating on Brussels

Stefanov said that the Bulgarian government had tried to cheat on the EU,

with the aim of attaining its renewable energy mix target, by reporting that two-thirds of the population was using biomass for heating, burning it in stoves with efficiency higher than 75%. In fact, the same proportion of the population is using firewood in stoves with extremely low efficiency.

Fortunately, Brussels did not accept the argumentation, Stefanov said.

“If the government had pursued a policy of introducing more effective heating devices, such a policy would have brought results,” he said.

The only energy assistance the poor are receiving for the winter is low-quality coal or wood, Stefanov said. For two years now, WWF has been trying to pass the message that this assistance, for which about a sixth of the population qualifies, should be transformed into promotion of energy efficiency through social assistance schemes with the participation of large energy companies.



EDF: Price rise for low-carbon electricity on the way

The boss of the UK's largest electricity generator and distributor has warned of imminent electricity price rises across Europe, due to the perceived demands of moving towards a low-carbon economy.

Asked how that transition could be paid for, Vincent de Rivaz, chief executive of EDF Energy, told a meeting in the European Parliament on 19 June that there was "an urgent need for new capacity" in many countries, especially in Britain.

"It would be a mockery to deny that the price will go up," he continued. "It is impossible to invest £110 billion [€134 billion] in electricity generation with no impact on prices in the short term."

The UK's Department of Energy and Climate Change said that up to £110 billion would need to be invested in power generation and transmission by 2020 when it unveiled its Electricity Market Reform in May.

Announcing the move, the energy and climate change Minister Ed Davey said that energy bills were "likely to increase over time, driven primarily by rising fossil fuel prices," rather than low-carbon investment.

One energy liberalisation expert contacted by EurActiv, Stephen Thomas of the University of Greenwich, said he did not believe that funding for clean energy projects had had an impact on household electricity costs so far.

"I think that's a convenient excuse," he said. "If you look at the quantities involved, it would be very hard to argue that the price rises we've seen in the UK could possibly be attributed to low-carbon sources."

Neutered ambition

The UK's draft energy bill was condemned by environmentalists who say it will allow gas and coal plants to produce more carbon dioxide emissions than today until 2045. They says it neuters the EU's ambition to reduce carbon use by 2050 to 80-95% of its 1990 level.

But de Rivaz insisted that the British government was "doing the right thing" with



its reforms, on the grounds that they would reduce the currently high costs of capital.

He was less sympathetic towards politicians who were "beating around the bush and not being honest enough about the cost issue," he said. "If we are not honest enough in the first step, we will never build trust, and without that there will be no solution."

"It will be the same problem with smart meters when the time comes to invest tens of billions in [them]," de Rivaz added.

Smart meters are digitised systems that can allow customers to consume electricity away from peak energy times, for example, programming washing machine and spin dryer cycles to run in the middle of the night when grid demand is lower.

EU countries are required to prepare a timetable for the roll-out of the technology by the gas and electricity directives of the 2009 third energy package, which liberalised Europe's energy market.

At least 80% of Europe's electricity customers are supposed to be equipped with smart meters by 2020.

This will dovetail with a decade-long blueprint drawn up by the European Network of Transmission System Operators for Electricity (ENTSO-E) to expand Europe's power grid to accommodate an increased share of renewable energy in the mix.

It has been estimated that around €104 billion will be needed to finance some 51,500 km of high-voltage power lines in the next eight years.

Internal market communication

All the measures needed to complete Europe's internal market are due to be in place by 2014, although Energy Commissioner Günther Oettinger has cast doubt on whether this target will be met.

A communication on the implementation of the

EU's energy liberalisation commitments had been due for release in the second quarter of 2012, according to an EU Roadmap, but Brussels sources now say it will not appear until the autumn.

Jan Panek, an EU official responsible for coal and oil markets, told a meeting at the European Parliament that the communication would be a stock-take of the energy liberalisation programme's progress so far.

"It will hopefully stimulate reactions from the member states and the [European] Council and Parliament, as well as numerous stakeholders," he said.

The document will address problems related to harmonisation of market rules, inadequate funding of energy infrastructure programmes, and the application of state aid and competition rules in the energy sector.

Eighteen member states are currently facing infringement proceedings for failure to transpose the package into their national legislatures.

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