



EUROCITIES response to the Commission consultation on Intelligent Energy Europe III in Horizon 2020

Funding local energy action

EUROCITIES, the network of major European cities, supports the proposal to continue Intelligent Energy Europe (IEE) as part of the Horizon 2020 funding programme for 2014-2020. As most of Europe's energy is consumed in cities, they are key to reaching EU energy objectives. If designed in the right way, the future IEE III can continue to play a significant role in advancing energy efficiency, renewable energy use and improved mobility and transport at the local level.

A clear focus on local authorities

We would like to see a clear focus on local authorities and local and regional energy and transport agencies. With growing urbanisation in Europe, the EU's energy challenges will continue to be concentrated in cities, where already 80% of Europe's energy is consumed and more than two thirds of CO2 emissions are generated. Cities are also best placed to address these challenges, as they are closest to citizens and SMEs, to transport operators, building professionals and other decisive stakeholders. Local authorities can apply an integrated approach to energy actions that serves not only the environment but also social and economic objectives. Large cities are particularly well placed to produce project results that can be replicated and scaled up.

Funding projects that address market barriers to innovation

In our cities, the current IEE II programme has successfully addressed market barriers to energy innovation, in particular through its support for:

- capacity building;
- implementing and disseminating innovative solutions to energy challenges through demonstration projects;
- exchanging best practices between cities and with other stakeholders across Europe;
- establishing local and regional energy agencies.

IEE III should continue to fund these types of projects.

Technical assistance funding to cities, for instance through ELENA, should be expanded to help them mobilise the investment needed to develop and deliver large infrastructure projects in green technology. Currently, little funding is available to support cities with the early preparation of large investment packages, and large projects often take time and considerable resources to get off the ground.

While much has been achieved to raise awareness about the overall importance of energy efficiency and renewable energy, understanding about the concrete possibilities and advantages of implementing innovative solutions remains limited in some parts of Europe. It would be useful to dedicate a proportion of IEE III funding to support in particular capacity-building activities and also further awareness raising where needed.

Areas of funding that address key energy challenges

We would like the IEE programme to continue providing funding in the areas of energy efficiency, renewable energy and sustainable mobility, including, for instance, for:

- decentralised low-carbon energy production;
- management of energy production, distribution and consumption, including:
 - planning and coordination of the broad range of energy sources and energy consumers, linking them together in area-wide energy networks;
 - managing the energy consumption of buildings, public utilities and technical infrastructure;
 - use of existing IT technologies where applicable;
- urban transport
 - mobility management, encouraging sustainable alternatives to ownership and use of passenger cars;
 - sustainable urban freight transport logistics;
 - efficient use of urban intelligent transport systems (ITS) and clean vehicle technologies for passenger and freight transport;
- energy efficiency of buildings, including public and residential buildings, recent and historic buildings, regardless of whether or not they are covered by the recently agreed Energy Efficiency Directive;
- training and information about energy performance contracting;
- innovative financing and guarantee schemes.

To ensure synergies with other Horizon 2020 goals and other programmes such as LIFE and structural funds, the award criteria could include that project proposals, which serve multiple goals through an integrated approach, get additional points.

Improving management and procedures

The management of IEE should remain as efficient as the current programme, and continue to include:

- support for project coordinators, including, for example, information days and training in project management at the start of a project;
- encouragement to network and develop links between similar projects.

In comparison to other current EU funding programmes, IEE II has relatively flexible rules and procedures for reporting and for adapting a project during its implementation where necessary. We would welcome a similar level of flexibility in IEE III and the further improvement of procedures and rules where possible. This should include:

- revising the use of common performance indicators, as they are currently difficult to calculate, monitor and meet in projects, especially when it comes to networking projects. We are confident that the ongoing evaluation of the indicators by the European Agency for Competitiveness and Innovation will be helpful in this respect;
- better recognising the time needed for project management when negotiating work packages and time allocation;
- leaving calls open longer to allow for better project applications.

Efficient funding instruments

The squeeze on public finances in most member states makes it challenging for local authorities to identify match funding for EU projects. A co-financing rate for projects set at least at 70% would help ensure a wide participation across the EU.

Furthermore, as for all activities under Horizon 2020⁷,

- to ensure full participation of local and regional authorities, staff time of civil servants should continue to be an eligible cost;
- to ensure equal treatment, VAT costs should continue to be fully reimbursable to every partner that cannot recover these costs under the relevant national VAT regime.

Increasing the size of IEE projects could deter some cities from participating in the programme and consequently from bringing in innovative ideas. However, larger projects can be more efficient in certain areas. Therefore, we believe that larger projects of strategic interest and of more than €1.5 million should become a part of the portfolio of IEE III, while also maintaining funding opportunities for smaller projects.

Under IEE II and other programmes, innovative financing instruments, such as the European Energy Efficiency Facility, have been introduced and tested. To ensure the success of these and other instruments, they must be easy to understand and apply. We would like the Commission to provide clear information to local authorities about available financial tools. Ideally, there should be one clear source of information about all tools, as in a 'one-stop-shop'.

In addition to the above, operating grants for some local and regional energy agencies may become necessary in the future to sustain their activities.

⁷ also see our statement on Horizon 2020 at bit.ly/NifyFI