

## Denmark

### Annex to: A Comprehensive Energy Policy for Europe

Detailed and supplementary Danish proposals.

#### Energy efficiency

With a view to reducing dependence on the import of energy and at the same time achieving the environmental targets, a binding energy savings target amounting to 1.15 per cent annually for the EU as a whole and for Member States individually up to 2017 must be adopted. In National Energy Action Plans, the Member States must give an account of the way in which the total energy savings target is expected to be distributed over the individual sectors. The ambition will be to maintain this objective up to 2025. The proposal should be implemented by making the existing indicative energy savings target in the EU binding, cf. Directive (2006)32. The potential for energy efficiency measures is in all likelihood considerably greater than the 20 per cent indicated by the Commission.

#### *Products*

There is a need for a strengthened effort in the EU to promote more energy efficient products. Denmark proposes:

- The swift and ambitious adoption of minimum standards for energy efficiency for a range of products (e.g. household appliances, electric motors, pumps, boilers, personal computers, televisions and battery chargers) within the framework of the Ecodesign Directive. The increasing standby consumption of electronic appliances is a special focus area where consumption should be limited by means of a standby consumption standard of maximum 1 Watt for most products. Today, standby consumption constitutes around 10 per cent of electricity consumption in households;
- An improved and expanded energy labelling scheme. The current framework directive concerning energy labelling should be expanded to cover further products, and the current labelling criteria should be strengthened in a manner that ensures the promotion of the most energy efficient products on the market to a higher degree than today.

#### *Buildings*

Significant cost-effective savings can be achieved in buildings by means of strengthening and fully implementing the EU Directive on energy consumption in buildings. Denmark proposes:

- That the requirements in connection with the renovation of existing buildings should be tightened (small buildings should also be covered by the requirements). Energy efficiency requirements should be introduced in connection with the replacement of different building parts, such as roof, windows and boilers;
- That the EU should adopt common targets for energy consumption in new buildings (adapted to the differentiated climate conditions in the EU Member States). These targets should be continuously tightened so as to ensure that new buildings over time become low-energy in design;
- That the significant energy savings potential in the new EU Member States in particular be realised by means of establishing better funding opportunities within the existing budgets. In this context, it should be explored whether it is possible to create better funding opportunities within the framework of the European Investment Bank (EIB).

### ***Transport***

The transport sector constitutes a special challenge. A cost-effective effort requires common EU measures. Denmark proposes that:

- The EU should establish minimum standards for the energy efficiency of new passenger cars and light trucks (more kilometres per litre) through ambitious agreements with the automobile industry and direct regulation, etc. In relation to the current voluntary agreement with the automobile industry, which includes a target for bringing fuel consumption down to 140 g CO<sub>2</sub>/km and an EU target of 120 g CO<sub>2</sub>/km in 2010/12, a long-term target should be maximum 100 g CO<sub>2</sub> /km in 2020. This would result in very significant reductions of fuel consumption;
- In parallel with the establishment of fuel efficiency standards, the EU should adopt standards for the rolling resistance of tyres. This in itself is considered to be able to reduce energy consumption by up to 5 per cent;
- The EU should explore the possibilities for entering agreements on increased energy efficiency within sea and air transport.

### **Renewable energy**

Denmark proposes:

- That a target of a 15 per cent renewable energy share of energy consumption in the EU as a whole by 2015 be adopted. Denmark prefers binding targets, fully respecting the individual Member State's different possibilities.
- Before 2015, a decision should be taken regarding the adoption of a new target for 2025. The target should be at least 20 per cent and up to 25 per cent, depending on technological developments.

### **Market-based schemes**

Denmark proposes:

- That the Commission explore the most cost-effective means of promoting renewable energy and energy efficiency and draw up best practice guidelines for the Member States. This includes exploring the possibilities of promoting renewable energy and energy efficiency through the establishment of markets in Europe for certificates for energy savings and certificates for renewable energy. Such markets presuppose binding targets for the promotion of renewable energy and energy efficiency.

### **Internal market for electricity and gas**

Denmark proposes that the existing rules be implemented more consistently:

- The rules of the internal market should be tightened and further developed with the aim of improving competition and infrastructure.

In order to strengthen competition and security of supply of electricity and natural gas, Denmark further proposes:

- That solidarity regarding gas supplies be strengthened;
- That the Commission be requested to submit a plan for the development of European electricity and gas networks, possibly based on regional development plans, with the aim of improving security of energy supply and enhancing scope for trade;

- That the Commission draw up an action plan proposal for the development of offshore wind farms in EU territorial waters as well as a plan for development of the associated electricity infrastructure;
- Continued financial support from the EU through the programme for Trans-European Networks and encouragement of the European Investment Bank (EIB) to investigate the options for expanding its loan facilities to energy infrastructures in the EU;
- The adoption of further measures for ensuring effective, free and non-discriminatory access to European electricity and gas networks. Denmark insists on ownership unbundling between system operators at transmission level, and activities exposed to competition. This will create incentives for expansion of the networks;
- The adoption of rules which more effectively ensure that national regulators are sufficiently politically independent and are competent to ensure optimal functioning of the market;
- That the rules for the handling of cross-border trade in electricity and gas be harmonised further. There is a need to draw up more detailed technical rules for regulating access to the use of cross-border infrastructure;
- A European regulator with powers that support effective cross-border trade in electricity and gas.

With the aim of ensuring increased solidarity and security of supply for gas, Denmark proposes:

- Common, harmonised standards for gas stocks, so that all Member States are obliged to have a certain minimum gas storage capacity;
- Harmonised requirements regarding the spread and use of contracts with consumers, enabling consumers to shift to other fuels at short notice. Supplies to these consumers can consequently be interrupted during a supply crisis, thus reducing the demand for gas;
- The possibility of greater flexibility in gas production, making it possible to increase production swiftly during a supply crisis.

### **Targeted research & development effort and technological development**

Denmark proposes:

- That EU funds for research and development of renewable energy and energy efficiency be doubled in connection with the mid-term review of the 2007-13 budget and the next budget period;
- That R&D funds be offered in open competition in order to spur competing research environments, encouraging efficiency and adaptability and thereby enhancing the EU's opportunities for taking a global lead in the development of new energy technologies;
- That the European Technology Platforms in the energy field within the European Commission's 7th Framework Programme be established particularly in areas where Europe has a unique potential for promoting new technological solutions in the areas of energy efficiency and renewable energy;
- That a new European Institute of Technology (EIT) be based on networks between universities and research institutions with the highest competence within education, research and innovation, and be used to promote European co-operation in the energy field. In the first instance, co-operation efforts within the EIT should focus on very few areas, i.e. areas where new networks are deemed to add most European value;
- That investments in new energy supply technology and energy efficiency solutions in the 10 new EU Member States can be promoted by means of combining various support schemes, such as a combination of development and demonstration funds and structural funds;

- That research be performed on the possibility of phasing out dependency on oil, in the transport sector in particular.

With the aim of reducing the oil dependency of the transport sector and its CO<sub>2</sub> emissions, Denmark proposes:

- That the EU establish a long-term strategy for the development and use of second-generation biofuels, based on a thorough analysis of their potential. The strategy must ensure increased emphasis on technology development as well as address environmental concerns and cost-efficiency in the production, distribution and use of biofuels.

### **Comprehensive energy action plans and a new mechanism for evaluation**

A consistent and cost-effective approach in Member States' efforts to achieve EU energy policy targets is crucial to the success of an overall EU policy. Hence, Denmark proposes:

- That Member States be committed to drawing up comprehensive three-year National Energy Action Plans which state the full contribution of the respective countries to the fulfilment of the Common European Energy Policy, including efforts for the promotion of energy savings and renewable energy;
- That a mechanism be incorporated into the EU Energy Policy by which quantitative and qualitative EU targets, as well as instruments to achieve these targets, are only adopted and implemented after their usefulness has been confirmed by thorough impact analysis;
- That targets and instruments be thoroughly evaluated at regular intervals.

### **The EU's external energy relations**

In the development of an external EU Energy Policy, Denmark will place particular emphasis on the following aspects:

- A coherent approach to the internal and external energy challenges, political as well as institutional. Key priorities such as well-functioning markets, diversification, energy efficiency, renewable energy, development of new and better energy technologies and efforts to address climate change must be a systematic part of the EU's dialogue with third countries, both producer and consumer countries. The spread of market principles will at the same time counter the geo-strategic politicisation of the energy field;
- The fight against global climate change, i.a. by focusing on reduction of CO<sub>2</sub> emissions and other environmentally harmful substances. cf. conclusions of the European Council regarding achievement of the two-degree target;
- The strengthening of the EU's approach to and co-operation with a) Russia, with the Energy Charter as the reference point, b) the EU's neighbours within the framework of the European Neighbourhood Policy, with particular emphasis on energy efficiency. c) the Caucasus and Central Asia, and d) the Baltic Region;
- Strengthened co-operation with key producer and transit countries, especially in the Middle East, Africa and Latin America;
- Strengthened co-operation with key consumer countries, in particular China, India, Japan and the USA;
- Strengthened and systematic inclusion of relevant European economic/commercial actors in the dialogue with third countries, with the aim of promoting and deploying environmentally friendly and energy efficient solutions and technologies;
- Strengthening of the international energy organisations.