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CPMR POLICY POSITION

OPINION OF THE POLITICAL BUREAU

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CPMR'S RESPONSE TO THE GREEN PAPER ON "A EUROPEAN STRATEGY FOR SUSTAINABLE, COMPETITIVE, AND SECURE ENERGY"

The Conference of Peripheral Maritime Regions wishes to support the Commission's Green Paper "A European Strategy for Sustainable, Competitive and Secure Energy". It considers the Green Paper as a positive contribution to ensure a better security of energy supply to all Europe, to foster a reduction of CO₂ emissions and combat global warming, and to contribute to Europe's leadership in the field of sustainable development.

However, it is of prime importance that the measures and policies suggested in the Green Paper take into account Europe's regional dimension and pay, in particular, special attention to the situation of its peripheral maritime regions. This situation is, in many ways, paradoxical.

On one hand, peripheral maritime Regions are among the territories in Europe with the most to fear from the negative effects of the current energy situation yet are also among the territories which, on certain levels at least, have the most to gain from it.

The most to lose because many of these Regions are among the furthest from the EU's major centres of production and consumption. Because of this, their trade is extremely vulnerable to anything which will increase the cost of transport or even to any shortage situation. Moreover, the companies in these territories often have profit margins that are much lower than those in more central regions of the EU. This being so, any increase in the energy bill, wherever the increase lies, will have much stronger effects on their competitiveness. Likewise, the continuing rise in the cost of transport will constitute a much harder blow for people in peripheral maritime regions given that these costs will take up a large portion of their budget and, consequently, will either reduce their lifestyle or reduce their mobility within the European Union.

The most to lose, too, because for the farthest away and most isolated of these Regions, they are far from the large European energy market and have no hope of benefiting fully from market forces since they do not have sufficient capacity in their access to the networks or, in the case of outermost Regions and certain islands, are not even connected to them.

Finally, **the most to lose** because the continued growth in energy consumption worldwide and the worsening of the greenhouse effect will, in the shorter or longer term, have particularly disastrous consequences for coastal populations that are directly at risk from the effects of climate changes in general and from the rise in sea level in particular. Given this situation, how can we find an effective way of reducing CO₂ emissions without causing further damage to the accessibility and economic development of these Regions, many of which are among the most economically fragile and, in some cases, among the least developed Regions in the EU?

Yet, peripheral maritime Regions are also amongst those with the most to gain, potentially at least.

The most to gain because their geographical location or their climates give them considerable potential as regards renewable sources of energy. Whether solar power for the most southerly of the Regions or wind and tidal power for the most westerly, they have natural advantages that are, in many cases, unrivalled elsewhere on the continent of Europe.

The most to gain because their location on the EU's maritime borders puts some of the Regions close to third countries that produce, or through which are transported, the gas and oil resources on which the EU will remain dependent in the foreseeable future. As the point of entry of these resources into the EU, these Regions play a major geostrategic role.

The most to gain because, as regional authorities, they are sufficiently large to implement policies of a certain scope while remaining sufficiently close to their citizens. They can, for example, by judiciously using their responsibilities and their administrative and financial resources, support sustainable energy development based on both the use of their indigenous sustainable resources and on the promotion of energy-saving ideas.

Finally, **the most to gain** because of the links that they have forged with other similar authorities in third countries, in particular developing countries. In doing so, the Regions can also take action outside the EU's own borders. Using exchanges of expertise and experience, they can contribute to the fight against energy deficits while, at the same time, promoting the reduction of CO₂ emissions on other continents.

The peripheral maritime Regions certainly want to make an effective contribution to the EU strategy designed to balance sustainable development, competitiveness and security of supply. However, they question the instruments that will be used to implement this strategy and their effects. Will they make it possible to fully exploit the opportunities presented by the Regions' potential in the energy sector? Will they help to reduce the territorial imbalances within the EU instead of increasing them? Will they be sufficient to significantly reduce the environmental (and particularly the climatic) risks to which these Regions are especially exposed?

In reaction to the proposals expressed in the Green Paper, CPMR wishes to raise a number of issues and make the following recommendations:

Priority 1: Energy for growth and jobs in Europe: completing the internal European Electricity and gas markets.

- **The development and increase in the capacity of the electricity grid delivering electricity to, from or within peripheral Regions should be considered as a priority.**
- **In order to increase the security of supply in these regions and in the Union as a whole, this approach requires action to be taken at different levels in line with the characteristics of each individual situation:**
 - **Connection to the grid, or increasing grid capacity, should enable those regions able to do so to export their potential in renewable energy throughout the whole of the EU territory.**
 - **On the other hand, in the most remote regions and those poorest in energy sources, it should allow them to benefit fully from the security and advantages of the single market.**
 - **Finally, a grid development policy should also include the development of local grids, so as to allow the peripheral Regions to increase their level of self-sufficiency.**
- **The European Commission should propose the inclusion in Community law of conditions requiring operators to increase the capacity of networks in the peripheral Regions of the EU, through the introduction of binding legislative measures if necessary.**
- **The European Commission must ensure, in accordance with the conditions set out in Article 7.6 of Directive 2001/77/CE, that the transmission charges applied by operators for the transport of**

electricity through the grid do not discriminate in one form or another against peripheral Regions and islands.

- “Energy islands”, and especially outermost regions, require specific policies adapted to their individual circumstances.
 - EU environmental legislation (in particular the outdated 1979 Bird Directive) should allow for a more flexible approach integrating, in its assessment criteria, factors such as:
 - the EU’s territorial cohesion objective
 - the severe, permanent geographical or demographic constraints certain in certain Regions
 - the existence of higher interests linked to the fight against the causes of climate change.
- Interservice co-operation within the European Commission, including DG Energy, DG Environment, DG Regio and DG Competition should help to find the right balance between energy and environmental issues.
- Conditions must be introduced into Community legislation to ensure that Member States can apply taxation measures to lower the cost of fuel in very isolated and sparsely-populated territories, and bring it back to levels that are found in less isolated Regions.

Priority 2: An Internal Energy Market that guarantees security of supply: solidarity between Member States and Priority 3: Tackling security and competitiveness of energy supply: towards a more sustainable, efficient and diverse energy mix.

- The Green Paper’s statement that the European Union’s energy policy could not be based solely on the market and competition but on a “balance” between the market and environmental and security objectives is to be welcomed, and so is the interest shown in decentralised energy production.
- Increased network capacity in peripheral Regions, the extension of a system of State Aid to support investments in the various sources of renewable energy, or a determined policy to spread research and development activities throughout the entire European territory should be considered as integral parts of such a strategy.
- When developing or increasing the capacity of grids serving the peripheral Regions, there should nevertheless be an effort to take on board the environmental characteristics of these territories. Special consideration should be given to the use of undersea cables wherever possible.
- Choices made in terms of energy policies can have major consequences at local level, some being likely to worsen, and others to reduce social and economic discrepancies between areas within the European Union. The territorial dimension of the EU’s energy policy must be considered in the proposed “Strategic EU Energy review.” CPMR would like to contribute to that review.

Priority 4: An integrated approach to tackling climatic change.

- Peripheral maritime Regions call for stringent compliance with the aim to increase the percentage of electricity produced from renewable energy sources for European consumption to 21% by 2010. Their major contribution should be recognised in the proposed “Road Map” for renewable energy sources, including in the consideration of the general and specific objectives to be laid down after 2010 and in the active programme of specific measures.
- Furthermore, they ask the Commission to give special consideration to developing marine-based renewable energies (offshore wind farms, wave power, etc.). They want the promotion of these resources to be highlighted in the follow-up to the Commission’s publication of the Green Paper on EU maritime policy.
- The Commission needs to recognise the particular vulnerability of peripheral maritime Regions with regard to transport and to reconcile the search for solutions to reduce energy consumption in this sector with the economic and social imperatives of these Regions. These Regions underline the need

to have a minimum amount of control over the use of transport, in order to effectively contribute towards reducing energy consumption in this sector. They call in particular for EU policies to actively promote the modal shift from road transport to sea transport through the introduction of motorways of the sea.

- CPMR welcomes the opportunity that a full review of the emission trading scheme would give to widen the field of application of these various mechanisms. In particular, the Review should look at the possibility of applying benefits at regional authority level so that the Regions may profit fully from their active involvement in the fields of energy efficiency and sustainable energy.
- The peripheral maritime Regions fully support the Commission's action to promote energy savings, which they deem is essential to achieving a sustainable energy policy. They underline that this approach not only constitutes a vital aspect of tackling climate change, but that it also boosts the creation of jobs. They recall that, in order for them to be able to assume their full role and implement approaches and practices designed to promote energy efficiency, they must be given adequate legislative powers.

Priority 5: Encouraging innovation: a strategic European energy technology plan.

- It is recommended that the Commission's Action Plan on Energy Efficiency, to be proposed during 2006, should harness specific financial instruments to enable Regions to develop and support sustainable energy projects.

Priority 6: Towards a coherent external energy policy.

- CPMR supports the Green Paper proposal to develop a Pan-European Energy Community. The implementation of such infrastructures should facilitate the inclusion of Regions which are currently isolated from the European energy market or inadequately connected to it.
- CPMR welcomes the Green Paper objective to foster bi-lateral or multi-lateral cooperation with other countries on sustainable energy objectives but warns that this approach, to be fully effective, cannot be limited to relations between international bodies and between States.
- The role of peripheral maritime Regions as incubators for sustainable energy technologies should be recognised into EU energy strategy, within the framework of decentralised co-operation. It is important for the Community to support co-operation initiatives between these regions and regional authorities of third countries, and provide them with adequate financial resources.

DETAILED COMMENTS

Priority 1: Energy for growth and jobs in Europe: completing the internal European Electricity and gas markets.

Increasing network capacity

The Commission's intention to promote non-discriminatory access to grids or networks and, in particular, to ensure "*adequate available network capacity*" must be welcomed. Likewise the statement that "*there can be no truly competitive and single European market without additional physical capacity*" and that "*public and private investments in infrastructures need to be stimulated and the authorisation procedures accelerated.*"

The Green Paper justifiably emphasises the need to strengthen interconnections between the gas and electricity networks of Member States with a view to achieving an interconnection capacity equivalent to 10% of the total capacity of the networks in accordance with the principles of the Florence Forum. It is understandable that this objective, which is far from having been achieved, is seen as a priority. However, this should not hide the need to further develop electricity networks for or in peripheral Regions at the same time in order to fully exploit their potential in the sustainable energy sector.

Yet the networks and grids serving these Regions no longer reflect the energy supply and demands of modern Europe. The network which must be established throughout EU territory has to enable the most central Regions, where energy consumption is high, to gain access to the energy resources, and especially renewable energy, located in the periphery. It is also necessary to strengthen the energy security of the peripheral maritime Regions themselves.

The development and increase in the capacity of the electricity grid delivering electricity to, from or within peripheral Regions should be considered as a priority.

In order to increase the security of supply in these regions and in the Union as a whole, this approach requires action to be taken at different levels in line with the characteristics of each individual situation:

- Connection to the grid, or increasing grid capacity, should enable those regions able to do so to export their potential in renewable energy throughout the whole of the EU territory.
- On the other hand, in the most remote regions and those poorest in energy sources, it should allow them to benefit fully from the security and advantages of the single market.
- Finally, a grid development policy should also include the development of local grids, so as to allow the peripheral Regions to increase their level of self-sufficiency.

How, though, should this priority be dealt with when there is a shortage of funding?

The relative reduction in the Structural Funds budget for the 2007-2013 period within a Wider Europe, and the inadequate nature of the resources allocated to TEN-EN are such that it is impossible to imagine Community funding supporting such a policy. Although the resources provided by the European Investment Bank (EIB) seem to be the most viable option, we should be mainly considering development funded by the operators and the Member States which are, themselves, funded by the costs of electricity transmission.

A decision on the implementation of such a policy cannot be left to the market because it will have a tendency to concentrate its resources on infrastructures that are guaranteed to show profitability in the shortest possible time. The profitability of electricity networks in peripheral Regions, however, cannot be calculated solely in financial terms; there must also be a long-term view taking account of economic, social and territorial factors (a more balanced development of the European Union) and of environmental aspects (the use of renewable energy sources to reduce CO₂ emissions). We therefore need legislation to introduce the necessary measures by imposing conditions and they will have to include a number of restrictive conditions.

Initially, then, it is up to the European Commission to propose the inclusion in Community law of conditions requiring operators to increase the capacity of networks in the peripheral Regions of the EU, through the introduction of binding legislative measures if necessary.

The European Commission must also ensure, in accordance with the conditions set out in Article 7.6 of Directive 2001/77/CE, that the transmission charges applied by operators for the transport of electricity through the grid do not discriminate in one form or another against peripheral Regions and islands.

Taking account of energy islands

The Green Paper's acknowledgement of the existence of "energy islands" deserves applause. These "islands", which are largely isolated from the European Union (e.g. Malta, Ireland, Cyprus or the Baltic States), are in a particularly difficult situation.

It should be remembered that this situation does not only exist at State level but also regional level. It is particularly prevalent in a certain number of island territories and in all the Union's outermost Regions. Because of the absence of any connection to European networks, or even the material impossibility of any such connections being established in the future because of the extreme remoteness of these areas, they cannot hope to benefit from the larger market under the same conditions as the remainder of the European Union. Henceforth, there must be security of energy supply in these Regions without penalising even further the areas' economic activities or population

The situation of "energy islands", and especially that of outermost regions, which reflect a radically different context to the one prevailing in the remainder of the EU, requires specific policies, adapted to each situation.

Reducing administrative difficulties

The strong desire expressed in the Green Paper to reduce administrative difficulties and "accelerate authorisation procedures" must also give rise to an understanding of the conflicts of interests that can exist between various Community policies. This is the case in environmental legislation ("Habitat" Directive¹ and "Birds" Directive²) which forces certain territories to comply with constraints that are sometimes particularly stringent to protect animal species and plant types.

Although the objectives of such legislation is praiseworthy, they can in fact hinder or delay the development of renewable energies in the Regions concerned and deprive them of major opportunities for development and employment. This is true of wind farms whose construction is considered, sometimes in excessive and debatable terms, as an intolerable threat to certain species of animal. Conflicts arise more and more frequently between companies in this sector, the agencies involved in environmental protection, local authorities, and residents' associations.

Community environmental legislation is then used as a means of opposing such developments. Unfortunately, it takes little or no account of factors such as the area's economic or social situation, the need for a territorial cohesion policy within the European Union, the existence of specific geographical or demographic constraints or the assessment of long-term benefits of the increased development of renewable energies for the environment (and, therefore, for the endangered species).

This problem is not exclusive to peripheral maritime Regions but it is of particular concern to them because, in many cases, a large part of their territory is subject to various obligations or prohibitions under the terms of one or other of the EU's environmental laws. The problem is all the more acute on certain islands and in certain coastal areas where the combination of these constraints and the spatial limitations inherent to insularity and to the lie of a coastline allows for very few alternatives and makes such conflicts of interest unavoidable.

¹ Directive 92/43/CEE from the Council dated 21 May 1992 concerning the conservation of natural habitats and wild flora and fauna.

² Directive 79/409/CEE from the Council dated 2 April 1979 concerning the conservation of wild birds.

It would appear to be necessary to modify the EU's environmental legislation to allow for a more flexible approach. Generally speaking, it should now integrate, in its assessment criteria, factors such as the EU's territorial cohesion objective, the recognition of severe, permanent geographical or demographic constraints in certain Regions and, finally, the acknowledgement of higher interests linked to the fight against the causes of climate change.

In particular, the "Birds" Directive adopted in 1979 when neither regional development imperatives nor the battle against climate change were considered as especially relevant, must be urgently amended and, at the very least, include an understanding of economic, social and cultural factors in the areas subject to designation, similar to the one in the "Habitat" Directive.

Interservice co-operation within the European Commission, including DG Energy, DG Environment, DG Regio and DG Competition should help to find the right balance between energy and environmental issues.

Providing affordable energy to EU citizens

The Green Paper justifiably considers that "*Secure availability of energy at affordable prices is crucial.*"

The attention of Community authorities should be drawn to the particularly difficult situation of certain isolated or sparsely populated territories in which the cost of fuel is aggravated by the very small market.

The population in such Regions then suffers from the cumulative effects of the absence of economies of scale and the lack of any real competition between distributors during the general rise in oil prices. These factors are then compounded by the effects of taxation. In combination, they frequently contribute to higher than average levels of fuel poverty in some peripheral maritime regions.

In certain cases, in particular as regards fuel for vehicles, the situation cannot be remedied in the short or even in the medium term by recourse to renewable sources of energy.

Conditions must be introduced into Community legislation to ensure that Member States can apply taxation measures to lower the cost of fuel in these areas and bring it back to levels that are found in less isolated Regions. The very isolation of these territories should avoid any form of abuse or any distortion of the market.

Priority 2: An Internal Energy Market that guarantees security of supply: solidarity between Member States and Priority 3: Tackling security and competitiveness of energy supply: towards a more sustainable, efficient and diverse energy mix.

When looking at the resources required to ensure that Europe will promote the diversification of its energy supplies while contributing to the preservation of the climate, the Green Paper considers the risks that would be run by Europe if there was a natural disaster, a terrorist attack or a break in supplies for political reasons. Among other things, the Green Paper suggests the "*decentralised production of energy*" as one possibility to try and solve the problem of sudden shortages.

Moreover, the Green Paper considers it an appropriate moment to agree on an overall strategic policy which would "*balance the goals of sustainable energy use, competitiveness and security of supply*". One of the objectives would require "*a minimum level of the overall EU energy mix to come from secure and low-carbon energy sources.*"

The Green Paper's statement that the European Union's energy policy could not be based solely on the market and competition but on a "balance" between the market and environmental and security objectives is an important element as is the interest shown in decentralised energy production, which supports the active development of renewable sources of energy in the peripheral maritime Regions. Increased network capacity in peripheral Regions, the extension of a system of State Aid to support investments in the various sources of renewable energy, or a determined policy to spread research and development activities throughout the entire European territory should be considered as integral parts of such a strategy.

When developing or increasing the capacity of grids serving the peripheral Regions, there should nevertheless be an effort to take on board the environmental characteristics of these territories. Special consideration should be given to the use of undersea cables wherever possible.

Moreover, the proposal in the Green Paper to carry out a "Strategic EU Energy Review" should be welcomed. This analysis would consider the *"advantages and drawbacks of different sources of energy, from indigenous renewable energy sources such as wind, biomass and biofuels, small hydro and energy efficiency to coal and nuclear, and the knock-on effects of these changes for the EU as a whole."*

However, it is important for the European Commission to take account of the fact that the choices made in terms of energy policies have major consequences at local level and that the options recommended will not be without effect. Some of them will worsen and others will reduce the social and economic divergence between areas within the European Union. The territorial dimension of the EU's policy must be one of the factors in this strategy review. Through the CPMR, the peripheral maritime Regions wish to contribute to such a review, bearing in mind that they can contribute to the EU's energy mix and security of supply through the exploitation of their sustainable energy potential.

Priority 4: An integrated approach to tackling climate change

The stated intention in the Green Paper to develop an *"integrated approach"* to fight climate change deserves support. The peripheral maritime Regions can support this approach on several levels.

Increase in the use of renewable sources of energy

Because of their vulnerability with regard to the consequences of the greenhouse effect and their major potential in this area, the peripheral maritime Regions cannot but support the Commission's intention to increase the use of renewable sources of energy.

They therefore call for stringent compliance with the aim to increase the percentage of electricity produced from renewable energy sources for European consumption to 21% by 2010. Peripheral maritime Regions can make a major contribution to that effect.

The Green Paper recalls that *"global greenhouse gas emissions should peak no later than 2005, and then be reduced by at least 15%, but perhaps as much as 50% compared to 1990 levels."* It is evident that, to achieve an objective that has been justifiably described as "gigantic", more ambitious objectives must be set for the post-2010 period.

The question of the expansion of, and increase in, the power of electricity grids for peripheral maritime Regions or within these Regions themselves must be seen, like other measures, from this point of view.

The contribution of peripheral maritime regions should play the role it deserves in the proposed "Road Map" for renewable energy sources, including consideration of the general and specific objectives to be laid down after 2010 and active programme of specific measures.

It is important on this occasion for the Commission to give special consideration to developing marine-based renewable energies (offshore wind farms, wave power, etc). The promotion of these resources should also be highlighted in the follow-up to the Commission's publication of the Green Paper on EU maritime policy.

Energy efficiency and transport

Among the measures envisaged, the Green Paper makes specific reference to the need for *"a major effort to improve energy efficiency in the transport sector and in particular to improve rapidly urban public transport in Europe's major cities."*

Because of their remoteness and, in certain cases, of their isolation or of the geographic spread of their populations, transport is a subject which is particularly relevant to peripheral maritime Regions. For obvious

reasons, these regions tend to depend more on maritime or air transport, this point being particularly well-known in the case of islands which have no road or rail alternatives and where transport accounts for a major portion of energy consumption.

Generally speaking, access to peripheral maritime Regions also often requires longer travelling times and even within the Region, communication is sometimes difficult. Henceforth for those who live and work in these areas, there is a need to foster the efficient use of local energy resources, which will in turn contribute to the sustainable development of their region.

As far as air transport is concerned, the technical possibilities of increasing energy efficiency, although desirable, remain limited. The other solution, which involves decreasing energy consumption in air transport by introducing fiscal measures designed to reduce services would have particularly damaging repercussions on peripheral maritime Regions and would directly affect the mobility of their populations within the European Union. Likewise, such measures would have a negative effect on tourism, a sector on which these Regions are strongly dependent. **On the other hand, any changeover to the use of maritime transport will be to their advantage while contributing to a reduction of CO₂ emissions from road transport.**

The Commission needs to recognise the particular vulnerability of peripheral maritime Regions with regard to transport, and to reconcile the search for solutions to reduce energy consumption in this sector with the economic and social imperatives of these Regions. It should also be underlined that, in order to effectively contribute towards reducing energy consumption in this sector, it is necessary to have a minimum amount of control over the use of transport.

Emission Trading Scheme

The Green Paper also emphasises that *“the EU Emissions Trading Scheme creates a flexible and cost-efficient framework for more climate friendly energy production”* and adds *“the full review of the EU Emissions Trading Scheme gives an opportunity for expanding and further improving the functioning of the scheme.”*

What makes these various trading schemes involving quotas or certificates particularly interesting (such as the implementation of “white” certificates for energy-saving and “green” certificates for the production of renewable energy) is that they are geographically neutral since they involve immaterial transactions that are not affected by the constraints of remoteness. In the European Union, the distribution of economic activities and densely-populated areas can be described, very loosely, as a centre which creates more pollution but is more prosperous and peripheral areas which, in relative terms, create less pollution and have a higher potential for renewable energy sources while, at the same time, tending to be economically underprivileged. The above mechanisms may provide one way of rebalancing the differences between centre and periphery, thereby reconciling the development of sustainable energy with the objective to achieve a territorial cohesion policy.

The peripheral maritime Regions welcome the opportunity that a full review of the emission trading scheme would give to widen the field of application of these various mechanisms. In particular, the Review should look at the possibility of applying benefits at regional authority level so that the Regions may profit fully from their active involvement in the fields of energy efficiency and sustainable energy.

Making more from less: leading on energy efficiency.

In its 2005 Green Paper on energy efficiency, the European Commission noted that *“the EU could reduce its energy consumption by at least 20%, a saving of 60 billion euros and an important step forward in the security of energy supply. It could also provide a means of creating up to one million new jobs in directly-related sectors.”*

In this respect, the regional authorities have a considerable role to play because of their direct involvement in areas such as education, housing, management of public amenities, planning, public tender procedures, consumer information, local taxation etc.

The introduction of more ambitious objectives and more rigorous standards (for example, the extension of the field of application of the "Building" Directive to the restoration of old buildings) will require greater involvement on the part of the Regions.

The Commission's action to promote energy savings is essential to achieving a sustainable energy policy and deserves to be fully supported. However, for regional authorities to be able to assume their full role in this area and implement approaches and practices designed to promote energy efficiency, they must be given adequate legislative powers.

Priority 5: Encouraging innovation: a European plan for strategic energy technologies

In the development of regional policies for sustainable energy projects, both for renewable energy sources and for renewable energy uses, there is a specific need for EU based financial backing of such regional based policies to be developed. Especially when such developments are aimed not only for improving the sustainable energy situation as such, like smaller decentralised power plants etc., but are also aimed for example at diversifying the economies of rural areas with declining agriculture. Regional size appears to be the best to foster such smaller scale developments.

This strongly indicates the need for EU co-financing for developing sustainable energy projects, to be directly allocated to the regional level. Also, evidence shows clearly that assistance from National Governments is not always satisfactory when it comes to support regional development. Only when financial backing is secure, it is possible on a regional level to build local policies and expertise-levels in order to obtain the capacity to innovate and to use both existing know-how and new technologies effectively as well as to follow a development path which is sustainable in environmental terms.

Considering the above, it is recommended that the Commission's Action Plan on Energy Efficiency to be proposed during 2006, should harness specific financial instruments to support Regions to be able to develop and support sustainable energy projects.

Priority 6: Towards a coherent external energy policy

Security and diversification of energy supplies

The Green Paper raises the issue of the need for "*a clear policy on securing and diversifying energy supplies*" and proposes the "*development of a Pan-European Energy Community.*" Among the measures envisaged, it suggests the "*upgrading and construction of new infrastructure necessary for the security of EU energy supplies, notably new gas and oil pipelines and liquefied natural gas (LNG) terminals.*" This would also ensure "*a clearer framework to promote best long-term use of Community investment through Trans-European Energy Networks and their extensions to third country partners.*"

CPMR supports the Green Paper proposal to develop a Pan-European Energy Community. The implementation of such infrastructures should facilitate the inclusion of Regions which are currently isolated from the European energy market or inadequately connected to it.

Integrating energy into other policies with an external dimension

The Green Paper states "*That means increasing the focus in relations with global partners facing similar energy and environmental challenges – such as the US, Canada, China, Japan and India – on issues such climate change, energy efficiency and renewable sources, research and development of new technologies, global market access and investment trends, with better results in multilateral fora such as the UN, the IEA and the G8.*"

It further states that "*If these countries reduce the use of fossil fuels, it will also be beneficial for Europe's energy security*" and that "*The EU could significantly step up bilateral and multi-lateral cooperation with these countries with the objective of encouraging the rational use of energy worldwide, or reducing pollution and encouraging industrial and technological cooperation on the development, demonstration and deployment of energy efficient*

technologies, renewable energy sources and clean fossil fuel technologies with carbon capture and geological storage." Particular attention is also paid to the use of energy as a means of promoting development.

The CPMR welcomes this approach but warns that, to be fully effective, it cannot be limited to relations between international bodies and between States.

The role of peripheral maritime Regions as incubators for sustainable energy technologies should be recognised into EU energy strategy, within the framework of decentralised cooperation.

In this respect, it should be remembered that many peripheral maritime Regions have signed cooperation agreements with regional authorities in third countries and that these agreements can form the basis of exchanges of experience, technologies and expertise to promote the sustainable energy policy. This cooperation also manifests itself through the Network of Regional Governments for Sustainable Development (NRG4SD) of which the CPMR is a member, and through the development of links between the CPMR and UN agencies such as the United Nations Development Programme.

It is important for the Community to support such initiatives and provide them with adequate financial resources.