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CONCLUSIONS OF THE "ENERGY FOR THE PERIPHERY" CONFERENCE PROCEEDINGS 5/6 OCTOBER 2006- PAMPLONA (E)

The peripheral maritime regions, meeting on 5 and 6 October 2006 in Pamplona on the occasion of the "Energy for the Periphery" Conference, organised by the Conference of Peripheral Maritime Regions and the Autonomous Regional Government of Navarre wish to:

- *thank the Navarre government for hosting the proceedings;*
- *reiterate their support for the proposals set out in the European Commission's Green Paper designed to promote "A European strategy for sustainable, competitive and secure energy";*
- *put forward the following considerations to the EU institutions:*

Importance of the regional dimension.

Although energy policy is an area traditionally dealt with at national or supranational level and where the main stakeholders are central governments or big industrial groups, the role of regional authorities should nevertheless not be ignored. By exercising the powers and responsibilities within its remit and on account of its closeness to citizens, regional government is a particularly well-adapted level for promoting a sustainable management of energy resources. Regional authorities can inform their populations on current and future challenges related to energy and the environment, or indeed contribute towards educating and teaching future generations. They can encourage their citizens to make energy savings in many areas, or in some cases even impose them. Finally, through planning policies or various incentive measures, they can actively support the development of renewable energies within their territory.

It is therefore essential that, in the future, regional authorities should be more involved in the European Union's considerations on the future of its energy policy.

Energy, centre and maritime periphery.

With regard to the energy sector, we might underline the existence of a contrasting situation within the European Union.

On the one hand, the most central part of the European Union (roughly defined as the Pentagon formed by London, Paris, Milan, Munich and Hamburg), concentrates within a limited area a comparatively large share of the Community's population, residential areas, production capacities and hence wealth. This "centre" inevitably plays a major role in EU energy consumption, as well as in the emission of various kinds of waste into the atmosphere. As far as sustainable energy development is concerned, it has huge potential in terms of energy savings simply through economies of scale, but its capacity to produce renewables is more limited if only on account of the high proportion of urbanised and densely populated areas.

In contrast, Europe's maritime peripheries are on average less densely populated, less developed and less industrialised than the central regions, and many of them tend to be less prosperous¹. As a direct result, the sources of atmospheric waste – although they do exist in these territories – are proportionally smaller than in the regions located in the “centre”. What is more, and above all else, not only do these regions tend to pollute less, but on account of their maritime dimension (wave power) or of their geographic or climatic features (sunshine in the most southern regions, exposure to wind, biomass resources, etc.), many of them have a major if not considerable potential in renewable energies.

This picture, albeit rough and simplistic, outlines the image of a Europe where the centre generates wealth but pollutes, and where the peripheries are rich in terms of energy and environmental assets but relatively disadvantaged from an economic and social point of view. The point of making this observation – which is necessarily a basic one flawed by many exceptions – is to suggest a possible “transaction”, where the periphery would contribute towards creating a balance within the EU in terms of energy and the environment in exchange for socio-economic readjustment, in other words greater territorial cohesion.

Looking beyond the theory, which actions might allow for such a “transaction” to take place? There are many different possibilities, e.g. developing electricity grids (as explicitly laid down in Article 154 of the Treaty) providing power supply to and within peripheral maritime regions, developing technologies for power processing in situ (hydrogen), developing “intangible” marketing schemes for renewables (“green certificates”), incentives to develop research and development activities in production areas and stepping up support for technologies designed to exploit off-shore potential, etc.

Whether these initiatives involve establishing a suitable regulatory framework or introducing financial incentives, they all require public policies especially at EU level. Obviously, each measure has a cost and a breakeven point... but these need to be measured on the basis of not just one but all of the three priorities of EU energy policy, namely security, competitiveness and sustainability.

Competitiveness, security and sustainability: getting the balance right.

Despite the European Commission bravely entitling its Green Paper “*A European strategy for sustainable, competitive and secure energy*”, this does not hide the existing or potential contradictions that may exist between these three aims, or sometimes even within one and the same aim.

How can we establish priorities between objectives whose importance is measured in terms of totally different timeframes or scales of value? How can we reconcile “competitiveness” and “sustainability” without taking on board positive or negative external factors related to each of the various forms of energy production or consumption? How can we take into account security of supply which is an essential factor but hard to quantify from a market point of view? How within the same aim such as sustainability can we prevent short-term concerns (e.g. the impact of a wind farm in a protected natural area) from getting in the way of long-term objectives (tackling the greenhouse effect)?

Whatever answers are found to these questions, it is certain that determining the balance (which is necessarily complex and difficult) between competitiveness, security and sustainability will not be without consequence for Europe's maritime peripheries.

¹ For the 2007-2013 programming period, and despite the fact that Europe is becoming more “continental” on account of the enlargement process, 30 of the 70 regions eligible under the cohesion objective are CPMR members, as are 10 out of the 16 regions concerned by the “statistical effect” and 9 out of 13 of those concerned by the “mechanical effect”.

In a negative scenario, where only the objective of competitiveness were to be taken into account, one may imagine that the EU will continue to concentrate economic wealth as well as energy production and consumption within a restricted area. It would become increasingly vulnerable in the face of all kinds of threats, and territorial imbalances would increase as would environmental constraints. What gains might be made in terms of competitiveness would then need to be put into perspective in relation to the likely risks which will become increasingly unmanageable.

In a positive scenario, a more balanced spread of energy production and consumption throughout the EU territory would go hand in hand with a better distribution of economic activities and populations, thus contributing towards greater territorial cohesion for the whole of the Community. Exploiting the maritime peripheries' potential for renewable energy will actively contribute towards achieving the Kyoto goals, while the spread of production capacities throughout the EU area will proportionally reduce their vulnerability in relation to natural or human risks.

There are many diverse factors that will help to influence things in one direction or the other. Examples of specific areas that need to be given special attention include:

- the EU's determination to apply in concrete terms the provisions laid down in Article 154 of the Treaty on setting up Trans-European Energy Networks, which specifies the need "*to link island, landlocked and peripheral regions with the central regions of the Community*", but where the limited availability of financial assistance is hindering its actual application.
- the degree of flexibility of the future state aid system for environmental protection, and in particular its ability to recognise the importance of the energy policy objectives of sustainability and security and the specific constraints experienced by territories suffering from permanent handicaps (islands, sparsely populated regions, etc.);
- the need for EU legislation to foster the competitiveness of peripheral maritime regions by, amongst other possibilities, actively supporting the implementation on their territory of R&D activities in the energy sector, especially in the most remote regions;
- development through EU legislation of measures designed to encourage the use of "green certificates" by consumers, insofar as this system can help peripheral regions to market their energy production whilst freeing themselves from constraints related to distance;
- finding solutions to obstacles arising from some EU environment legislation, where this hinders the development of renewables in territories that are largely classed as protected areas.
- the ability of the Commission, and in particular Eurostat, to remedy the lack of energy-related statistics by collecting data at regional level;

Conclusion: Giving a greater territorial dimension to EU energy policy.

In short, through the "Energy for the Periphery" conference, the CPMR wishes to remind the EU institutions that:

- regional authorities should be considered as fully-fledged partners in EU energy policy;
- the renewable energy resources of the maritime periphery, through their economic and social potential (especially in the field of employment) constitute a remarkable opportunity both in terms of helping to meet the objectives set out in the Green Paper, as well as redressing territorial imbalances within the EU including in the most isolated, remote or sparsely populated territories;
- the territorial dimension must be considered as an integral part of EU energy policy.
- The regions of Europe can contribute to future growth, welfare and solidarity within and between the European member states as well as to rest of the world.