European Commission and EIB further clarify statistical treatment of Energy Performance Contracts

The new Guide follows the Eurostat Guidance note on the revised treatment of Energy Performance Contracts in government accounts, issued in September 2017, and explains its practical application, making use of technical assistance resources from the European Investment Advisory Hub (EIAH). The guide is available here.

Marianne **Thyssen**, Commissioner responsible for Eurostat, said: *"I am very pleased to launch a new guide today that clarifies how investments in energy efficient infrastructure should be statistically treated. This will help all stakeholders involved in commissioning, financing and undertaking energy performance contracts. This is a win-win for public authorities and private stakeholders, with a clear understanding of the impact on the national budget. I am confident this new guide will encourage both private and public project promotors to step up investments in energy efficiency projects."*

Commissioner for Energy and Climate Action, Miguel **Arias Cañete**, added: *"Thanks to this guide, it will be easier for schools, hospitals, and other public buildings – which make up more than 10% of the overall EU building stock – to invest for the purpose of improving energy efficiency. Energy efficiency measures are also an important means to combat energy poverty, which this Commission aims at tackling at the roots."*

Andrew **McDowell**, EIB Vice-President with oversight for Energy, said: *"Managers of public buildings – such as schools, hospitals and other public agencies – often lack the budget and technical expertise to design and secure finance for energy savings projects that reduce carbon emissions, save taxpayers' money and make buildings more comfortable for staff and public service users. This new Guide aims to help public authorities to prepare and finance projects, by mobilising private capital and expertise for the benefit of the public sector under Energy Performance Contracts. This is one of many steps that the EIB is taking through our joint "Smart Finance for Smart Buildings" initiative with the European Commission to unlock more energy efficiency investments in public and private buildings*."

The Guide explains in detail how Energy Performance Contracts work and gives a clear overview of the potential impact on government finances. This will help Member States and other stakeholders to better understand the impact that the different features of these contracts have on the classification of the investment undertaken, on or off government balance sheet, and will assist public authorities in taking better-informed decisions when preparing and procuring their EPCs. This Guide is also a helpful tool to provide clarity to public and private promoters in the context of the Investment Plan and remove perceived barriers to investment.

Background

Investment is a key priority for Europe. This is why, with the EIB as its strategic partner, the European Commission launched the Investment Plan for Europe in November 2014. The Investment Plan – the Juncker Plan – focuses on boosting investment to generate jobs and growth by making smarter use of financial resources, removing obstacles to investment, and providing visibility and technical assistance to investment projects. The European Fund for Strategic Investments (EFSI) is the main pillar of the Juncker Plan and provides first loss guarantees, enabling the EIB to invest in more projects that often come with greater risks.

Another major priority is energy efficiency as a part of a low-carbon economy. Here, so-called Energy Performance Contracts, or EPCs for short, can help mobilise private investment and expertise in energy efficiency in public sector buildings. Energy Performance in buildings is part of the legislative package "Clean Energy for all Europeans" – a key element for achieving a resilient Energy Union and a forward-looking climate change policy.

The public sector's decision to procure energy efficiency projects as EPCs, however, is sometimes influenced by expectations as to their statistical treatment (i.e. impact on government debt and deficit figures). Uncertainty in how to assess the statistical treatment of EPCs can therefore create difficulties and delays in the various stages of preparation and implementation of investment projects.

Eurostat is the Directorate-General of the European Commission providing statistical information to the institutions of the European Union (EU) and promoting the harmonisation of statistical methods across its member states. The organisations in the different countries which actively cooperate with Eurostat are summarised under the concept of the European Statistical System.

The **European Investment Bank (EIB)** is the long-term lending institution of the European Union owned by its Member States. It makes long-term finance available for sound investment in order to contribute towards EU policy goals.

The European Investment Advisory Hub (EIAH) is a single access point to a wide range of advisory and technical assistance services. The hub is a joint initiative of the Commission and the EIB, which provides technical assistance and tailored advice to private and public project promoters.

For More Information

[MEMO: Eurostat clarifies how to record energy performance contracts in national accounts – Questions and Answers]

[Practitioner's Guide on the Statistical Treatment of Energy Performance Contracts]

Follow Marianne Thyssen on [Facebook] and [Twitter]

Follow Miguel Arias Cañete on [Twitter]

Follow EIB Vice-President Andrew McDowell on [Twitter]

Press contacts:

Agricultural statistics: EU agrees on improved data collection for integrated farm statistics

Your request will be handled by the Press Office of the General Secretariat of the Council in accordance with the provisions of Regulation (EC) No 45/2001 on the protection of individuals with regard to the processing of personal data by the Community institutions and bodies and on the free movement of such data.

Your data will be stored in the database until you unsubscribe from the service.

Certain data (name, e-mail address, preferred language, media name, media type) may be disclosed to the press offices of the European institutions, the Permanent Representations of the Member States and to European Union agencies, under the conditions laid down in Articles 7 and 8 of Regulation 45/2001.

If there is data which you would not like to be stored, please let us know at: press.office@consilium.europa.eu

---

State aid: Commission opens in-depth

investigation into restructuring support for Romanian National Uranium Company

On 12 June 2017, Romania notified to the Commission a plan for the restructuring of Compania Nationala a Uraniului SA ('CNU', the National Uranium Company). The restructuring plan foresees around €95 million (RON 441 million) of support to CNU, in the form of grants, subsidies, debt write-off and debt-to-equity conversion. It follows an urgent rescue aid loan of around €13.3 million (RON 62 million) to keep the company afloat, which the Commission temporarily approved on 30 September 2016.

EU State aid rules only allow a State intervention for a company in financial difficulty under specific conditions, requiring in particular that the company is subject to a sound restructuring plan to ensure its return to long-term viability, that the company contributes to the cost of its restructuring and that any competition distortions are limited.

At this stage, the Commission has doubts that the planned restructuring aid is in line with these conditions. In particular, the Commission's in-depth investigation will examine:

- whether the proposed restructuring plan could restore the long-term viability of CNU without continued State aid;
- whether CNU or market investors sufficiently contribute to the restructuring costs, thus ensuring that the restructuring plan does not rely mainly on public funding and that the aid is proportionate; and
- whether Romania is offering appropriate measures to limit the distortions of competition created by the aid.

The Commission will now investigate further to find out whether its initial concerns are confirmed. The opening of an investigation gives interested third parties the opportunity to submit comments. It does not prejudge the outcome of the investigation.

Background

CNU is a fully State-owned Romanian company active in the exploitation of Romanian uranium mines and production of raw material transformed into fuel for nuclear power plants. CNU extracts uranium ore, processes it to form uranium octoxide (U_3O_8) and, after further refinery, transforms it into uranium dioxide (UO_2). CNU has two operating sites: an uranium mining site, located in Crucea-Botusana (Suceava County, North-East region) and a processing-refining plant, located in Feldioara (Brasov County, Centre region). In 2017 the company employed 772 people.

CNU has been in financial difficulty since the loss of its main client, the nuclear energy producer Societatea Nationala Nuclearelectrica. The notified restructuring plan foresees various public support measures:

- prolongation of the initial rescue loan of RON 62 million (€13.3 million);
- grant of RON 75.5 million (€16.2 million) to support investments for the modernisation of CNU;
- write-off of public debt of RON 77 million (€16.6 million);
- conversion of CNU's public debt of RON 13.34 million (€2.9 million) into CNU shares held by the Romanian State; and
- operating subsidy of RON 213 million (€45.8 million) to cover the difference between CNU's production costs and market prices over the planned restructuring period.

Under the Commission's [2014 Guidelines on State aid for rescue and restructuring] non-financial undertakings in difficulty, companies in financial difficulty may receive State aid provided they meet certain conditions. Aid may be granted for a period of 6 months ("rescue aid"). Beyond this period, the aid must either be reimbursed or a restructuring plan must be notified to the Commission for the aid to be approved ("restructuring aid"). The plan must ensure that the viability of the company is restored without further State support, that the company contributes to an adequate level to the costs of its restructuring and that distortions of competition created by the aid are addressed through compensatory measures.

The non-confidential version of the decision will be made available under the case number SA.48394 in the State Aid Register on the Commission's competition website once any confidentiality issues have been resolved.

What role for waste incineration in the circular economy?

Local governments support energy recovery while phasing out old and inefficient incineration plants and promoting recycling

Waste-to-energy is acknowledged to be a necessary tool to move towards a more sustainable circular economy as it helps avoiding landfilling and generates energy. However, local governments ask to strictly respect the waste hierarchy putting waste prevention first. Members are in favour of creating stable markets for products and materials based on secondary raw materials and of making every effort to reduce landfilling.

Members of the European Committee of the Regions have adopted an opinion on '**The role of waste-to-energy in the circular economy** ' by **rapporteur Kata Tűttö (HU/PES)**, municipal councillor from Budapest – District 12. **Waste-to-energy is the process of recovering energy from waste combustion.**

Local leaders baseline is clear. The waste hierarchy, which sets up priority actions for more resource efficiency and less waste, must be the guiding principle in waste management. On top of the hierarchy is waste prevention, followed by product reuse, product recycle, energy recovery and landfilling as the less optimal scenario.

“Landfilling waste is the worst thing that we can do because things we throw away can actually be reused, recycled or transformed into energy”, said rapporteur Kata Tűttö. “With modern waste-to-energy treatments municipal waste can be transformed into electricity, heat or biogas”, added the Budapest city councillor.

Cities and regions recommend Member States with little or no incineration capacity not to develop energy recovery unless it is under very careful planning and to prioritise separate collection and recycling programmes instead.

Local leaders show concern over how and by whom, waste management costs are to be borne. European cities and regions reiterate the need to create stable markets for products and materials based on secondary raw materials.

The use of waste as fuel for heating households is a major problem for public health and the environment. Energy poverty is often the main reason for private dwellings to use waste for heating. The EU’s assembly of local and regional representatives urges the European Commission to incorporate efforts to combat energy poverty into waste-to-energy activities and to adopt awareness raising strategies.

Local leaders support waste shipments between Members States for energy recovery purposes as long as it avoids or reduces landfilling or helps making better use of existing facilities. However, distance from the waste location to the incineration plant should be limited to avoid environmental damage.

Members of the CoR request the European Commission to ensure Members States involve local and regional authorities closely in drawing up waste management strategies.

Contact: David Crous david.crous@cor.europa.eu +32 (0) 470 88 10 37

Atlantic strategy needs strengthening after Brexit

European Committee of the Regions calls on EU and national governments to step up efforts to develop Atlantic coastal economies.

The United Kingdom's planned departure from the European Union poses a threat to fragile coastal economies and communities across the Atlantic region, the European Committee of the Regions has said. In recommendations adopted on 1 December, the EU's assembly of local and regional leaders urges the EU to reinforce its still-young Atlantic strategy and to allow UK regions and local authorities to be able to continue to take part in EU programmes.

The **recommendations** also urge Ireland, France, Spain and Portugal to respond to the UK's withdrawal from the EU by cooperating more closely on maritime issues to fill resulting gaps in science and innovation, surveillance, ocean energy and maritime investments. In its opinion, the European Committee of the Regions (CoR) described the potential consequences for the Common Fisheries Policy of the UK's departure as alarming, reinforcing the need for a comprehensive approach to economic development and job growth in coastal regions and islands.

The author of the report – **Jerry Lundy** (IE/ALDE), member of Sligo County Council and the Northern and Western Regional Assembly – said: "We've now had the EU **Atlantic strategy** and its **action plan** for almost five years, and it has helped regions to recover from the economic crisis and to preserve the marine and coastal ecosystem, but we need to update and strengthen the plan. We in the Atlantic region are about to lose a major maritime nation from the European Union and a big investor in the marine economy and research, the United Kingdom. For the strategy's credibility and visibility, we think that the EU should provide dedicated funding, rather than obliging communities to search for support across the EU's funds. We're looking at cooperation between the Atlantic states in terms of job creation, tourism, fisheries, sustainable energy and, most of all, funding."

Mr Lundy continued: "We need to continue the work of rejuvenating our coastal regions and islands. You can't have an economy if you don't have a community. You can't revitalise your community if you don't have an economic plan that will keep young people there. So you need to make sure that skills, heritage and folklore of your community are not lost, and you need to keep investing in young people and new jobs."

Emphasising the potential for a revitalisation of coastal regions, Mr Lundy said: "Instead of looking downwards – for coal, gas and oil – as we did in the past, let's look up – at the wind, sun and waves producing sustainable and clean energy. Training, skills and good roads are important, but also broadband. A lot of companies that would set up business along the coastline need to get their products to the market and need good connectivity. If we fulfil these conditions I'm confident we can create more jobs in coastal and island regions. An example from my region is the **Wild Atlantic Way** , which we are developing to encourage tourists and entrepreneurs to visit and invest."

Also on 1 December, the European Committee of the Regions adopted **recommendations** that called on the EU to focus more on modernising Europe's rural regions, by transforming its 'smart villages' initiative into a full EU Rural Agenda. The EU adopted an EU urban agenda in 2016. The rapporteur on 'smart villages' is **Enda Stenson** (IE/European Alliance), a member of Leitrim County Council.

Mr Lundy’s opinion on the Atlantic strategy builds on the recommendations of the CoR for the future of the EU’s **Cohesion Policy post-2020** and on the **Committee’s resolution in March 2017 on the UK’s intention to withdraw from the European Union** . On 30 November, members of the CoR held a wide-ranging **debate on the implications of the UK’s planned departure from the EU** , with over 30 speakers taking the floor, Mr Lundy included.

Contact:

Andrew Gardner

Tel. +32 473 843 981

andrew.gardner@cor.europa.eu