Socialists trade away Juncker Plan energy efficiency fund

MEPs have killed the proposed energy efficiency fund in the Juncker Plan. [European Parliament]

There will be no €5 billion energy efficiency fund in the Junker Investment Plan, after the Socialists & Democrats struck a deal with the European People’s Party, the largest group in the European Parliament.

MEPs in the Industry, Trade and Energy (ITRE) Committee had, by a single vote, passed an amendment earmarking just under a quarter of the €21 billion risk guarantees foreseen in the plan, which aims to unlock €315 billion of investment.

>> Read: MEPs back ringfencing Juncker Plan money by a single vote

But that was excised from the bill last night (20 April) before a second vote in a joint meeting of the Parliament’s Economic and Monetary Affairs (ECON) and Budget (BUDG) committees. MEPs and Council negotiators will meet to discuss the legislation on Wednesday (22 April).

Supporters of the ringfence argued that ITRE had exclusive responsibility over the article where the amendment was made. Although ECON and BUDG were the lead committees on the bill, they had signed over the competence under the terms of an agreement between the four committees overseeing the bill, they said.

That meant the efficiency fund would be part of negotiations with the Council of Ministers over the European Fund for Strategic Investments (EFSI), the legislation to implement the Juncker plan.
But both ECON and BUDG agreed that ITRE had overreached its powers in claiming sole competence over article 5.2 of the bill. Last week there were meetings of committee chairs, including of the Transport Committee, to resolve the stalemate over the sole competence question.

That was characterised as a “dirty procedural trick” by Green MEP Claude Turmes, of Luxembourg, who branded the Socialist climbdown “a scandal”. Turmes was a co-sponsor of the ringfence, with Morten Helveg Pederson, a Danish Liberal, and Socialist Jeppe Kofod, also from Denmark.

The resolution was approved by 69 votes to 13, with six abstentions. The committees have also approved a mandate to start negotiations with the Council by 71 to six, with 11 abstentions.

**Opposition**

The centre-right European People's Party (EPP) and the Liberals group in the European Parliament (ALDE) were firmly against any ringfencing. It would limit the flexibility of the instrument, and open the bill up to further amendments, they claimed.

Jyrki Katainen, the Commission Vice-President in charge of the Juncker Plan, and like Commission President Juncker an EPP member, told EurActiv in March that the private sector should choose which projects got finance, not lawmakers.

The strength of the EPP's opposition was demonstrated by the pressure put on Seán Kelly MEP, an Irish EPP member to recant his support for the efficiency fund. He had originally co-sponsored the amendment with Turmes, Kofod and Pedersen.

EurActiv yesterday (20 April) exclusively revealed allegations that Ireland's Prime Minister Enda Kenny had telephoned Kelly to order him to take his name off the amendment that was passed by ITRE.

>> Read: [Irish PM ordered MEP to drop support for EU energy savings fund](http://www.euractiv.com/sections/energy/socialists-trade-away-juncker-plan-energy-efficiency-fund-313938)

Sources told EurActiv after the joint meeting that the lead MEP on EFSI in ECON, a Socialist, was “put up against the wall” by the EPP. The Socialists and Democrats are the second largest group in the Parliament.

Udo Bullman, of Germany, ultimately dropped the ringfence to safeguard other changes to the draft legislation, which must be agreed by the Council before it becomes EU law.

Part of the deal was to safeguard funding for the EU's multi-billion [Horizon 2020](http://www.euractiv.com/sections/energy/socialists-trade-away-juncker-plan-energy-efficiency-fund-313938) research programme and the [Connecting Europe Facility](http://www.euractiv.com/sections/energy/socialists-trade-away-juncker-plan-energy-efficiency-fund-313938) aimed at funding high-speed internet access, energy and transport infrastructure. The European Commission proposed a cut of €2.7 billion in Horizon 2020 from 2015 until 2020.
To protect EU budget investments earmarked for research and transport, the Commission should find alternative resources to finance the guarantee fund, a Parliament press release said last night.

The fund should be gradually filled via the annual budgetary procedure until it reaches €8 billion by 2022. The guarantee itself should be “irrevocable and unconditional”, so as to reassure investors.

Co-rapporteurs

Bullman told reporters at a press conference after last night’s vote that the Parliament was united behind the bill. “We have received a strong mandate,” he said before stressing MEPs remained committed to energy efficiency.

He said a proposed scoreboard would give MEPs information about how EFSI-funded projects performed.

José Manuel Fernandes, the EPP’s rapporteur in BUDG, said that ITRE could make decisions about the sectors it dealt with but not dictate where money should go.

The Portuguese MEP added that 80% of the ECON and BUDG committees had backed the report, without the ringfence, which would be taken into negotiations with the Council.

"I'd like to say that we have had an enormous majority. And, for the people that thought that the Parliament had doubts, it's a very strong vote that gives us an excellent position for the negotitations," he said.

"Our objective is to defend Horizon 2020 and the Connecting Europe Facility as much as we can, also in this proposal," he added.

France’s Jean Arthuis, of ALDE, said it was a challenge to reach an agreement, without any waste of time, on such a large report.

"At a time when all member states recognise the need to relaunch investment in Europe, I invite them to directly provision the guarantee, as a token of trust and confidence. Today the Parliament was ambitious and creative. We hope the Council will follow suit, for the collective interest of Europe,” the BUDG committee chair said.

Reaction

NGOs Counter Balance and Bankwatch said the EPP had pulled every string they could to kill the efficiency fund. The removal of the ringfencing and important references to the EU’s long term energy and climate targets for 2030 and 2050 means that the EFSI will lack much-needed strategic and sustainable guidance, they said.

But, according to the campaigners, MEPs did take important steps forward regarding democratic oversight and transparency of the fund.

Amendments include:

- The Parliament approving the agreement between the European Commission and the European Investment Bank about the setup of the EFSI implementation rules
- The Parliament playing a bigger role in the selection of the EFSI’s Investment Committee, the experts who will decide on the allocation of EU guarantee to projects
The European Court of Auditors scrutinising the activities of the EIB and briefing the Parliament about its findings

To avoid fraud and tax evasion, the EIB will be required to disclose the beneficial ownership of all the direct and indirect beneficiaries of its investments according to the EU Anti-Money Laundering Directive.

Markus Trilling, of Bankwatch, said, “The silver lining in this climate sell-out is that now more light is shining on a big pot of public money that needs to be invested in the public interest.

“The Commission must now propose clear investment guidelines and exclude dirty energy and infrastructure projects so as not to jeopardise the EU's climate and nature protection ambitions.”

Thomas Nowak, secretary general of the European Heat Pump Association, said the decision sent the wrong message before the UN Climate Change Conference in Paris in November.

The ITRE vote to earmark funds was welcomed by environmental campaigners at Friends of the Earth Europe and green inudstry lobby groups such as Renovate Europe, and the E3G consultancy. They argue that energy efficiency projects boost energy security as well as jobs and growth, and are quick to roll out.

Germany and France had called for the creation of a sub-fund for efficiency projects as part of the Juncker Plan on 31 March.

**TIMELINE:**
- **22 April:** First trialogue negotiations on EFSI
- **June:** Planned plenary vote on EFSI
- **Mid-2015:** Targeted time to have Juncker Plan running

**EXTERNAL LINKS:**
European Parliament
- **Press release:** Strategic Investment Fund: committees back Juncker Plan, but not programme cuts

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BACKGROUND

President of the European Commission Jean-Claude Juncker announced an investment plan to mobilise €315 billion in an effort to kick-start the European economy.

Jyrki Katainen, the Commissioner for Jobs, Growth, Investment and Competitiveness, has said that the growth package should include public and private partnerships, increased lending capacity for the EIB and other EU lending bodies, more “future investment” by EU nations in areas such as infrastructure and the completion of the single market.

The Renovate Europe campaign says that, thanks to modern technology, buildings’ energy demands can be cut by 80%. But, it adds, in order for that to happen, there needs to be an effective regulatory and legislative framework in place.

Campaigners and policymakers agree that energy efficiency through the renovation of buildings has great potential for reducing emissions, spurring the economy, and bolstering energy security.