



NEWS RELEASE - March 28th, 2006

**ALTRAN'S CONTRIBUTION TO THE GREEN PAPER ON
ENERGY EFFICIENCY**

The ALTRAN group, European pioneer in Innovation and High Technology Consultancy welcomes the opportunity given by the European Commission to stakeholders to express their point of view on Energy efficiency and has a real interest in sharing its global vision on this subject. ALTRAN entirely supports the policy of the European Union towards increasing energy efficiency. Our group welcomes the European Commission's ambitious objective of harnessing cost-effective energy savings for Europe equivalent to 20% of the Union's current energy use - in the light of the Lisbon strategy, the EU's Kyoto protocol obligations and the security of energy supply. The ALTRAN paper puts forward our contribution to the public consultation and includes our response to 18 of the 25 questions of the Green paper on Energy efficiency. As a general remark, ALTRAN suggests that all energy efficiency measures or products that have a pay-back time within the economic lifetime for the first owner, should be favoured over the conventional alternative. In order to minimise higher initial investments that may jeopardise the introduction and use of such a product, a European revolving fund could be established, or comparable national fiscal tools. Key issue is transparent and fair benchmarking of the technologies and measures and to pro-actively stimulate innovation.

1. In order to **better stimulate European investment** in energy efficiency technologies ALTRAN recommends to set long-term objectives in order to increase the stability of investments via public policies. **Mandatory and voluntary measures** both at EU and at national level should be combined. This framework should be supported by both industry and financial sector.
2. ALTRAN welcomes the achievements of the European Union in order to reduce the greenhouse gas emissions via the **Emission Trading Scheme (ETS)** started in the 25 EU Member States on 1 January 2005. The ETS could however be **enlarged to** some of the sectors currently not included, i.e. **air transportation, chemical industry and public ground transport**.
3. If primary energy prices to European manufacturers increase, ALTRAN believes that **competitiveness will require greater efficiency** in converting energy to products. Similarly, on a global scale, the expected rises in primary energy prices will mean the more efficient conversion will be more competitive. That is why the key issue is to ensure that European manufacturers are not sheltered against rising prices of primary energy and are encouraged to think in the long term about improving efficiency.

The link that should be made between competitiveness and energy efficiency could be to impose to company HQ the compliance with the **Energy Performance Certificate**. This will create other requirements for company to be eligible for certain specific call for tenders, and reshape again the economic competitiveness of companies in the EU area. Therefore, at national level, benchmarking could then be organized by the authorized entity in order to build best practices sharing systems with minimum standard.

4. ALTRAN agrees on the fact that **fiscal policy** is an important way to encourage changes in behaviour and the use of new products that use less energy. The measures should encourage diversified approaches and technologies rather than backing particular solutions. **Taxes should reflect externalities** that are not currently priced. There should be a reward for innovations that reduce these external costs.

6. ALTRAN is certain that **public authorities play a key role** as far as education and social responsibility is concerned. It is therefore recommended to act as demonstrators and to benchmark the feasibility of new technologies. It is necessary to be neutral, asking for sound business plans, stating deadlines and measurable deliverables. The aim is to help a new technology to demonstrate its potential to be disruptive and/or to be applied to the mass market.

Legislation should place specific **obligations on public authorities**. A good way to shape this would be to oblige public authorities f. i. to have 10% of their energy consumption produced by a **renewable source**. These projects should demonstrate and identify both technical as well as regulation issues. ALTRAN sees no reason why public authorities should not take account of energy efficiency in **public procurements**. This helps to build a viable market, because companies can count on the public authorities to invest in energy efficiency. A cooperation between public authorities could lead to money savings because buying in bulk.

8. ALTRAN agrees with the approach laid down in the **Energy Performance of Buildings Directive** (2002/91/EC). ALTRAN considers that the primary challenge is reducing energy use and carbon emissions from the existing building stock, because the rate of replacement of existing buildings is generally only 1-2% per annum. We believe effective solutions must address three dimensions: **user behaviour and awareness, management information** and procedures, and **building fabric and systems**. One option would be to link future extensions of requirements under the EPB directive to **building value**, rather than to floor area, as this would increase the relative affordability of energy efficiency enhancements and also address the largest buildings first.

9. In **domestic properties**, a minimum standard for energy efficiency could be introduced by making it a requirement under the landlord's **legal responsibilities**. Energy efficiency inspections could be required at periodic intervals, say 3 or 5 years, with mandatory requirements for improvements to meet a minimum standard being required before the property can be re-let. A fiscal measure such as a '**property energy levy**' with appropriate rebates could be used as an incentive for landlords to address energy use in their portfolio.

10. Concerning the performance of energy consuming products for household, ALTRAN suggests **improvements to present EU labelling schemes**. This could include tightening schemes to reduce scope for manufacturer interpretation of standards, as well as monitoring of performance and compliance. The eco-label must be recognisable and easy to use, overlap between labelling schemes should be avoided, incentives should be offered alongside eco-labelling programmes (e.g. rebates).

11. One of the significant opportunities in the automotive sector is the use of **alternative fuels** (using a well-to wheel analysis). Alternative fuels such as hydrogen applied in fuel cells and BTL (Biomass to Liquid) fuels offer great potential for CO₂ reduction. However, the cost of alternative fuels remains much higher than that for gasoline/diesel (hydrogen: factor 2 to 6, BTL: factor 3). Further research and demonstration projects are needed to **optimize the cost** of their production and distribution.

The Commission should ensure that types of vehicle that have high fuel consumption are not sheltered by anomalies in the rules governing vehicle emissions of regulated pollutants. **Emission standards for regulated pollutants** should be improved generally.

13. In order to improve the efficiency of **electricity transmission and distribution**, ALTRAN calls for an adequate management of the powerbalance of the electrical grid. Distribution and transmission companies should be encouraged to adopt **distributed generation** systems. A different approach could be the “**Virtual Power Plant**” solution : small, dispersed, renewable energy production units at households combined with other electricity production units.

14. Regarding the efficiency of electricity transmission and distribution, ALTRAN believes that **public authorities could promote competitiveness among providers** and progressively require a sound social responsibility as a reputation must. In the medium term energy companies should be moving from the target of selling more, to the target of ensuring the availability of energy. Moreover, the price premium will be balancing the volume specific reduction: total demand will be anyway increasing while output will be shrinking. A **change-over from quantity to quality** of the delivered energy opens a complete **new market approach** and market opportunities.

15. ALTRAN highly recommends the **enlargement of the white certificate market** because it would certainly contribute to increase the liquidity and liveliness of this market. Furthermore, the white certificates mechanism (WCM) is complementary to the Emission Trading Scheme, because it is applicable to those sectors, such as the domestic sector, which cannot be included in the ETS Directive. As complementary measures, it makes sense that **European Unit Allowance** (EUA) and energy efficiency certificates are both applied to all the EU members.

16. **Encouraging industry** to take advantage of new technologies and equipment that generate cost-effective energy efficiencies represents one of the major challenges. ALTRAN thinks a **benchmark** should be made to set achievable goals in energy efficiency. Technologies that can be used to achieve the benchmark are **cost-effective** and therefore dissuasive for companies. Investments in these technologies should be enhanced through a very **low interest loan**.

20. ALTRAN thinks that **public authorities should be obliged to buy energy efficient vehicles** for their fleet. Instead of favouring a technology, they should indicate what the total amount of energy use and emissions per kilometre at maximum can be. “**Well to wheel analysis**” are of great importance. Also local benefits versus global benefits should be discussed. Public authorities can play a demonstrating role in this regard.

21. The next step in infrastructure charging should be the **optimal flows study** at European level. An even more innovative action would be “**slot selling**” – to move in specific time intervals and geographic areas at different prices. ALTRAN calls for the **reward of clean transport**.

23. Concerning the Union’s **relation to third countries**, an important task is to create **incentives** for less developed countries to consider energy efficiency. Energy demand management needs important conditions to be accepted or to succeed in less developed countries. Governments should have effective incentive schemes for encouraging **demand management**. Experimented organizations or firms are needed in the field of demand management.

24. ALTRAN thinks that the Union should **help developing countries** to build up favourable **policy / regulation / market conditions** in order to adopt energy efficient technologies and encourage sustainable energy resources. We also should help to integrate energy policies with **waste management and transportation** and to **tackle pollution problems** due to transportation (solution for old, second-hand vehicles). **Partnerships** between cities, North-South or South-South would provide for benchmarks and best practices and could be integrated in other projects at European level. The European Union can play a key role in driving improved environmental performance through **supply chains of EU based companies** with manufacturing or other functions in emerging economies.

About ALTRAN

Founded in France in 1982, ALTRAN has pioneered innovation consultancy and has become the European leader in this area. ALTRAN brings together the entire range of engineering and consulting specialties, from physical sciences, electronics and information technology, through industrial systems engineering, to strategic and management consultancy.

The core of ALTRAN's expertise is structured around three major areas:

- Technology and R&D Consulting
- Strategy and Management Consulting
- IT and organisational Consulting

The companies of the group put their ingenuity in the many projects they pursue: human body 3D imaging, sea traffic control, rail network upgrading, food traceability, renewable and non-polluting energy exploitation... ALTRAN offers its clients sustained support, with the most advanced technologies, in all of their scientific and technical projects in a wide range of industrial sectors, including aeronautics and telecommunications, transportation systems, automotive, health and space.

In 20 years, the Group with its 16000 consultants has become a reference partner for enterprises and institutions for the development and the realisation of their scientific and technological, conception of new products, production cost and process management, organisational performance. ALTRAN is consulted at every step of a product or service life cycle, from research and development to after-sales services, through financing and organisation adaptation. Development of new energies, Green buildings, complete exploitation system of renewable and natural energies, marine renewable, the Island of Vlieland in the Netherlands where ALTRAN is helping to build the very first project in 100% green energy, are a few examples of the Group implications.

In 2006, the ALTRAN Foundation for Innovation for its 10th anniversary chose the theme: Technological innovation and Energy : an international Prize which offers one year of technological and scientific consulting by ALTRAN awarded to a the originator of an innovative scientific or technological project that serves the public interest. The ALTRAN Foundation considers that in providing a better productivity, a better availability and an increased safety, research and innovation can lead to a sustainable energy in line with environmental concerns and benefits to all.

Contributors: Elske van de Fliert (NL), Luca Bolognini (IT), Yves Gigase (B), Li Guanghai (China), Michiel Jak (NL), Justin Keeble (UK), Bram Ledebouer (NL), David Lyon (UK), Gilbert N'joua (B), Brian Quinn (UK), Giulio Troncarelli (IT), Davide Vassallo (IT)

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For more information please contact:

Pascale LARDIN, European Public Affairs Manager, Av. de Tervueren 142/144 - 1150 Bruxelles
Tel: +32 (0)2 737 68 11 Fax: +32 (0)2 737 68 36 Mob: +33 6 72 14 33 27 email: plardin@altran.net