



## **Municipal Reactions to European Energy and Climate Governance: The Case of German Cities**

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### **1. Cities in EU energy and climate governance**

The European Union's (EU) energy and climate package of 2008 as well as the recent adoption of the 2030 Climate and Energy Policy Framework established ambitious goals to reduce greenhouse gas emissions, increase energy efficiency, and the share of renewable energy sources (European Commission 2008a; European Council 2014).

To achieve these goals, effective measures have to be implemented at the local level. In fact, the involvement of the local level, especially of cities and urban areas, is crucial, as they present high potential to contribute to energy saving, energy efficiency, and the promotion of renewable energy sources. Urban areas produce higher greenhouse gas emissions and consume more energy than rural areas due to their higher population density. At the same time, the effects of global warming are most severe in urban spaces. This might lead to higher acceptance of renewable energy and climate change policies. Thus, efforts to save energy and reduce greenhouse gas emissions must target cities.

Furthermore, cities play an important role as innovators, policy laboratories, and role models as they develop lighthouse projects concerning energy saving, energy efficiency, and the integration of renewable energy sources (see Bulkeley and Kern 2006). In the absence of effective global agreements, the incorporation of the local level can serve to reach the EU's ambitious emission reduction goals.

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The EU is aware of the potential contribution provided by cities. According to the former Commissioner for Energy Andris Piebalgs:

“[t]he approach to tackle the climate crisis challenge can only be holistic, integrated, long-term and, most of all, based on the participation of citizens. This complex picture is best managed at local level. Cities must therefore become leading actors for implementing sustainable energy policies, and must be supported in their effort.” (European Commission 2008b).

Consequently, the EU offers specific incentives and promotes horizontal cooperation between cities to stimulate lighthouse projects, promote policy change at the local level, and to promote the diffusion of local expert knowledge, despite its limited competencies to regulate the local level.<sup>3</sup>

EU efforts to coordinate local level responses to EU energy and climate policies include:

- **Regulative policy:** examples include binding national targets for greenhouse gas emissions (outside of the EU Emissions Trading System (ETS)) and renewable energy sources, directives on energy efficiency, the energy performance of buildings, and energy labelling.
- **Financial incentives and funding programs:** structural funds, European Research Framework programs, European Energy Efficiency Fund of the European Investment Bank, Horizon 2020 (Intelligent Energy Europe Program) etc.
- **Promotion of transnational coordination and diffusion of best practices between cities:** Covenant of Mayors, European Green Capital Award, EU Sustainable Energy Week, European Innovation Partnership – Smart Cities and Communities etc.

## 2. Local perceptions of European multi-level governance

How do local actors perceive the European multi-level system and the challenges and opportunities it involves? How do local actors react to European policy instruments? Does the administrative structure impact these reactions? These were the guiding questions of studies conducted in the three German cities, Frankfurt, Stuttgart and Munich. In each city we analyzed key documents, such as climate mitigation concepts and council proceedings, and conducted qualitative interviews with high ranking civil servants and heads of the departments of environment, planning, international and European affairs. In each city, we conducted five interviews. The project was part of an interdisciplinary research group, funded by the German Research Foundation, on local generation of knowledge in the fight against climate change. I will now present some findings of these studies.

### Regulative policy

European or national legislation on energy efficiency and renewable energy sources are mostly seen as constraints. EU legislation must be implemented at the local level and affects almost all policy fields. However, some interview partners emphasized the supportive character of EU legislation. A representative of Stuttgart’s Environmental Protection Office explains that, in contrast to clean air policy, “there are no EU limit values in climate policy, that’s why things get done faster with regard to clean air policy.” (Interview: Environmental Protection Office

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<sup>3</sup> However, it must be noted that the EU approach on cities in energy and climate change policy has somewhat changed in recent strategy papers. The fifteen action points of the Energy Union (European Commission 2015a,) and the Commission’s energy summer package (European Commission 2015b) do not mention the contribution of the local level.

Stuttgart). Local actors may also use constraints as arguments to support existing policy measures or to demand a more ambitious approach. The representative from Stuttgart points out: “In fact we feel no pressure. [...] On the contrary, as an environmental administration we can refer to European and national goals. Against the background of those goals, we can argue to the councilors that cities must intensify their climate protection efforts” (Ibid.). A representative from Frankfurt explains that European legislation can facilitate measures at the local level. He illustrates this with the example of the ‘low emission zone’: “Frankfurt has become a low emission zone due to European law. It was difficult at the beginning, but today we are glad that we took this step successfully. Sometimes we would prefer a more forceful approach [in climate policy as well]” (Interview: Office for Environment Frankfurt).

### **Financial incentives**

Representatives from all three cities welcome EU funding and actively participate in EU projects. They emphasize the financial aspect as an additional source for financial resources: “EU projects have significant financial importance as they provide additional resources, e.g. through co-financing of staff members, for the fulfillment of tasks which have to be done anyway” (Interview: Department of Environment and Health Munich). A representative of Frankfurt’s Agency for International Affairs argues: “Particularly with respect to EU funding it is more favourable to bid for funding of an established project than to select a funding program before you know what you want to do” (Interview: Agency for International Affairs Frankfurt). A member of Stuttgart’s Environmental Protection Office states that his office only participates in projects, where “work can be done, which has to be done anyway. I would never apply for a project that might be fascinating but is not exactly in line with the scope of the office” (Interview: Environmental Protection Office Stuttgart).

However, there is also evidence for the incorporation of new ideas and policy solutions into local climate policy: “new impulses are created or new ideas emerge (when participating in a project funded by the EU) (Interview: European Affairs Team Munich), “even if an application for funding is not successful” (Interview: Department for Environment and Health Munich).

Despite the financial benefits and the potential to incorporate new ideas, representatives from all three cities criticized the administrative efforts of EU projects. A Stuttgart representative states: “EU projects are associated with increasing costs, which are no longer justified in my opinion. We should carefully consider whether we want to participate in EU projects at all in the future” (Interview: Environmental Protection Office Stuttgart).

### **Facilitation of horizontal cooperation**

The EU actively promotes horizontal cooperation, self-regulation and distribution of best practices. An illustrative example is the European Commission’s ‘Covenant of Mayors’ (CoM)<sup>4</sup> initiative which seeks to bring together the mayors of cities that are engaged in climate protection to improve energy efficiency and promote sustainable energy production. It includes a formal commitment of the members to reduce CO<sub>2</sub> emissions and present a sustainable action plan, provides benchmarks for excellence, and demands the provision of regular implementation reports. Membership in the CoM can be used to support existing or introduce new policy measures. In political debates, civil servants can point to certain targets and commitments resulting from participation in networks or funded projects, when they try to receive support in

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<sup>4</sup> See, [www.covenantofmayors.eu](http://www.covenantofmayors.eu).

the municipal council. They refer to binding targets, e.g. concerning carbon dioxide reduction, their responsibilities to implement adequate policy programs or the need to receive financial or personnel resources to achieve certain tasks. A member of Munich's Department of Environment and Health emphasized: "The Covenant was helpful, because it supported general arguments in favor of climate protection policies" (Interview: Department of Environment and Health Munich).

In Stuttgart, the decision to sign the Covenant of Mayors is justified by the "supportive nature of the initiative for Stuttgart's climate policy" and is regarded "exactly in line with our pursued climate and energy policy" (Stuttgart 2009). However, Stuttgart could not simply submit its major climate strategy as a Sustainable Energy Action Plan (SEAP), like Munich and Frankfurt did. Stuttgart had to enhance its climate strategy to meet the requirements of the CoM and submit a successful SEAP.

The European Commission's European Green Capital Award<sup>5</sup> is another example of the EU's effort to promote exchange of best practices. Frankfurt's application for the "European Green Capital Award 2014" intended to link different policies, e.g. climate change mitigation, waste management, or land use planning, under the general principle of sustainability. The application process resulted in changes of the administrative set up concerning local energy and climate policy.

Representatives from all three cities also emphasised the opportunity to exchange best practices and learn from other cities and municipalities. Given similar issues in other cities, they expect benefits from the experiences of others and told us that it is "not always necessary to reinvent the wheel."

### **Administrative structure**

The institutional setting with regard to foreign and European affairs can vary significantly in terms of resource allocation, extent of competencies or location within the municipal administration (see Knodt 2010). Evidence suggests that administrative structures in the field of energy and climate policy as well as EU and international relations may influence the way cities react to European policies. Local administration units are necessary to collect information and to develop skills needed to react to EU legislation, apply for funding, or participate in networks. For example, administration units in decentralized departments, often in the economic department, enable the city to react immediately to changes on the European level in a particular policy field. At the same time, each department tends to manage EU activities separately, which leads to a higher workload. This may prevent local actors from engaging in EU activities that are not exactly in line with existing local policy and from exploring new approaches. More central units, for instance in the office of the lord mayor, have the advantage of a more efficient coordination of the EU activities within the local administration, shorter decision making processes, and a higher standing of the EU unit since it is directly subordinated to the lord mayor. A specialized EU unit may provide assistance with regard to EU activities (project management, controlling etc.) and thus support regular departments.

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<sup>5</sup> See, <http://ec.europa.eu/environment/europeangreencapital/>.

### 3. Conclusions and policy recommendations

It has become clear that local climate policy in Germany is deeply embedded in the European multi-level structure—the European multi-level system is perceived as highly relevant for local action. However, only little evidence can be found for EU-induced convergence of local climate policies and for a profound impact of EU initiatives. Legislation, funding, and self commitment are often used strategically to implement or support existing measures. Local actors commit to EU climate change policies while local traditions and policy programs persist. In addition, administrative structures shape local actors' reaction to EU policies while resources determine their capacities to generate knowledge, apply for funding, and develop lobbying strategies at the regional, national and European levels.

Based on the interviews, I collected the following policy recommendations for the incorporation of the local level into multi-level energy and climate governance:

- Present coherent and reliable policy programs;
- Provide flexible solutions which can be adjusted to local contexts;
- Account for conflicting goals at the local level by incorporating energy and climate policy, industrial policy, environment policy, social policy and urban development policy (policy mainstreaming);
- Govern via incentives;
- Include regions/communities close to regional centers;
- Improve cooperation and diffusion of best practices across regions, across provinces, and across national borders;
- Ensure effective and fair governance (prevent discrimination of cities with limited resources and cities with underdeveloped climate policies); and,
- Provide channels of interest representation and improve responsiveness.

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