

e5 Annual Report 2005

Dear members and friends of e5,



I would like to thank you, first of all, for your e5 loyalty. Your contributions enabled us to consolidate – and even expand sometimes – our political influence, while we could account for your sustainable business interest.

The successful start of EU-wide emissions trading shows that environmental protection works with market-based mechanisms, teething troubles agreed. Companies, investors and the civil society must strive together now for a reliable post-2012 regime. This will be our major task in coming years. I refer to policy levels and our project e-turn 21 as well as to concrete business and technology support. e5 will promote and call for a continued dialogue between politics and business, both in member states and in Brussels.

Facing high resource cost, instability in the Middle East and energy scarcity in global growth regions, we feel confirmed in what we emphasise since e5's inception in 1996: a resource-saving energy business is an asset that benefits both the national economy and the companies. Also, it can reduce the fear of political dependencies.

The EU has decade-long experience with resource-saving technology. By committing to and making use of it, we have reached the prime position in global markets. On the one hand, pioneer hood in sustainable energy techniques spurs international demand for our technologies and expertise. On the other hand, we can increasingly rely on excellent investment conditions in Europe, where an efficient energy system lowers unit labour cost in work-intensive production segments. It is our task now to maintain and further develop the EU's competitive edge world-wide.

To master this challenge, we need to set the right political course that helps unleash sustainable energy business. More than that, business itself must undergo a self-review and align its settings – in order to meet global market demand for sustainable energy technology and satisfy the need for innovation and flexibility. This is where the e5-Sustainable Energy Accelerator (e5-SEA) comes into play. To accelerate growth, notably of small and medium businesses, the e5-SEA is designed to link innovative and flexible technology with global markets and investors acting globally. It is an e5 priority to further develop this core project.

Without the backing and the loyalty of our long-time members, we would not have the resources to serve the case for sustainable business. I would like to take the opportunity and say THANK YOU.

e5 continues to need your support – by contributing actively to the association's activities, and by getting new members on board. The more members we count, the more financial power e5 will have. And the better we can exert our political influence.

What would e5 be without the e5 team? I thank Silvia Beci, Mercedes Fernandez-Armenteros, Heidrun Rothweiler, Julio Lambing, Christophe Albig, Zdenek Lomecky, Lutz Scheidt, Tobias Cottmann and Paul Metz for their great support. In the first quarter of 2006, we will introduce a manager for member relations to our team to optimise our service for you.

The e5 team is looking forward to a prosperous 2005 – and wishes you the same. Merry Christmas.

Warmest regards,



Sebastian Gallehr

Chief Executive Director, e5

e-turn 21

The e5 project [e-turn 21](#) takes up last year's initiative "Investment Security for Renewable Energies" ([ISRE](#)). With Europe facing its next generation of power plants, we ask the core question: What energy supply system will meet the demands of 2050 and beyond? Which way to go? While the traditional fossil fuel focus is not the answer to climate change and increasing energy demand, renewable energy supply will yet take some time to become a viable option. The e-turn 21 project aims to identify a third way that bridges business-as-usual and renewable energy scenarios. At issue is the most efficient, low- or non-carbon use of fossil fuel sources that gives way to renewable energy sources.



Julio Lambing speaking at the Berlin workshop

Going a third way involves a paradigm shift in common energy supply approaches: it brings actors together instead of drawing lines. Accordingly, the [expert workshop](#) "Next power plant

generation – where we are, where we go" on January 26th in

Berlin gave a platform for all stakeholders from business, science and politics and NGO side.



Workshop participants, Berlin, January 26th

The experts stressed that the general public did not yet perceive the next power plant generation as an issue of EU-wide concern, if

there was concern at all. They strongly requested e5 to raise public awareness.

In September, e5 launched a first informal discussion round between energy suppliers, policy-makers, NGOs and science experts. It is about developing a common approach that overcomes the rift between the stakeholders involved. All participants welcomed the two-step strategy that we proposed: firstly, fix a common stand for the year 2050 and then discuss how to reach that goal. e5 will continue to act as mediator and issue more meetings next year.

Also in 2006, we will provide a sustainable energy road show, where business delegates can learn about e-turn 21 and their role therein. The road show will run in four European countries that are most affected by new energy structures.

Not to forget, we would like to thank all members that have contributed to the e-turn 21 discussion with their fruitful comment. We are looking forward to continuing the dialogue!



e5-SEA

In May, the Sustainable Energy Accelerator ([e5-SEA](#)) won financial support from the Renewable Energy and Energy Efficiency Partnership ([REEEP](#)). e5's business project is one of the 18 clean energy projects in Africa, Asia, North America, Latin America and Europe that share REEEP funding totalling 1 million Euro. See [press release](#).



To fresh up your idea of the e5-SEA: it is a Small to Midsize Enterprise (SME) development facility focused on bringing sustainable energy and related business models to market – fast and efficiently. By using an accelerator approach, SMEs with new business ideas are offered a customised package of strategic planning, consulting service and access to finance.

A large part of the REEEP requirements has been implemented meanwhile (see [REEEP article](#)). Via Expo in Bulgaria and Eastern Renewables s.r.o., a soon-to-be established company in the Czech Republic, will be our first two national partner organisations. Zdenek Lomecky, the manager-in-chief for the REEEP programme, launched an [e5-SEA presentation](#) in Sofia on November 29th. Interest was so overwhelming that the conference organisers had to shift location twice. More than 150 attendants from the best companies and universities confirmed that the e5-SEA identifies a strong need of SMEs to communicate, to get organised and to secure financing.

looking forward to co-operate with you in 2006.



Zdenek Lomecky, r., and Grisha Zahariev, l.,
Ministry of Economics and Energy, e5-SEA
presentation, 29 November, Sofia

In November, Lomecky also finished programming of the online virtual marketplace where businesses can network among themselves. The VMP reflects the e5-SEA concept of a decentralised, technology-driven organisation.

In 2006, we will focus on strengthening the international scope of the e5-SEA while tapping the sustainable energy potential of emerging markets in Eastern Europe and Asia.

The e5-SEA team unites many years of experience in the energy sector and provides high-level expertise in business administration, strategy development, marketing, sales and media relations. Lutz-Günther Scheidt, Zdenek Lomecky, Loren Hurst, Sebastian Gallehr, Christophe Albig and Heidrun Rothweiler are

COP-11/MOP-1

The world anxiously looked to Montréal these days, awaiting a thumbs-up or thumbs-down decision for or against the Kyoto Protocol. In the end, thumbs went up for the Kyoto Protocol. Enthusiasm certainly agreed: but the message for the two e5 representatives Sebastian Gallehr and Julio Lambing was clear - business presence at future negotiations is all the more important, in order to assure that progress truly becomes manifest. See [press release](#).



Sebastian's and Julio's engagement strengthened e5's influence on both the UNFCCC and the Kyoto process. Of the contacts they made with other business groups and governments, our members will certainly benefit. e5 presence in Montréal was supported by the EU Commission and the German Environment Ministry.



A e5/[Germanwatch](#) side-event on December 1st presented various business initiatives for world-wide climate protection. US Interface Inc. and the Green Power Market Development Group of the World Resources Institute, British Climate Group and German Deutsche Telekom and Munich Re showed that



e5/Germanwatch Side Event, 1 December, Montréal

companies and finance institutes take the e5 approach "climate is business" not only very seriously, but put it into convincing action. They addressed policy-makers to focus on a reliable policy framework that goes beyond voluntary business commitments and provides long-term investment security. The business initiatives and their climate commitment stand out at the current stage of negotiations. It sent

the right signal to the US and Chinese attendants.

With the dinner debate following the side event, we kicked off strategic considerations of how a world-wide business initiative could bolster and intensify post-2012 negotiations. Such initiative would be borne by big business organisations for climate protection. In addition to the business speakers of the e5 side event, participants included high-level delegates from UNEP-FI, UNEP, WWF USA, the German Government and the EU Commission, Allianz Group and US Business Council for Sustainable Energy.

Attendants agreed that the US will only change path, if the Kyoto member-states, notably the EU, act in a self-confident way and give proof that climate protection has a market potential. These efforts could be bolstered by newly



e5/Germanwatch Dinner Debate, December 1st, Montréal

establishing bottom-up processes such as the [RGGI](#) (Regional Greenhouse Gas Initiative) and the [U.S. Mayor's Climate Protection Agreement](#).

The outcome of the debate enabled us to give impetus to the negotiations that had started only three days earlier. Klaus Milke, CEO of Germanwatch and moderator of the debate, led through the evening with profession and charm.

On December 4th, the [US Business Council](#) and e5 organised a high-level dinner for key UNFCCC delegates from the SBSTA (Subsidiary Body for Scientific and Technological Advice), SBI (Subsidiary Body for Implementation) and CDM Executive Board as well as IPCC (Intergovernmental Panel on Climate Change) and REEEP. The discussion focused on the evolution of the CDM, the importance of standardised baselines for Clean Energy CDM

projects and ways to strengthen demand-side energy efficiency projects in the CDM. A statement of the Business Councils was subsequently distributed to the COP/MOP participants.



The event helped us extend our contacts with proactive business in the US and Canada. Most notably, we closed ties with political leaders in China and South America.

After tough discussion with representatives from the conservative industry, e5 defended its right to launch a separate [intervention](#) in the COP/MOP plenary on December 9th, together with the US, UK and Australia Business Councils. The London Climate Change Services (representing financial service providers, legal firms and consultants from the carbon and climate-related sectors) also supported the intervention. Leaving all other business groups behind, we could place our intervention at second out of eleven positions. The International Chamber of Commerce and the World Business Council for Sustainable Development, who led on the other business interventions - including UNICE ((Union of Industrial and Employers' Confederations of Europe) and Alcan - only took rank nine.

Our plea for legally binding targets and a close end of the negotiations stood out alone among all other business contributions. Obviously, we defended and confirmed our frontrunner position in the business community.

What is the outcome of the Montréal conference? The Kyoto Protocol and its unique mechanism of market incentives and penalties is ready to take off now, after it survived all opposition from the anti-Kyoto fraction.

Plus, there came a signal from Montréal that international climate protection will possibly continue after 2012. When member-states will convene for post-2012 negotiations next May, Kyoto will set the standard. The developing countries are also opening up to discussions about framework and incentive schemes as an alternative to absolute reduction targets.

Important for e5 and e5 members: the message of the crucial role of proactive business got through at all Montréal stages. The fact that the US objects any form of international climate regulation shows clearly that we are on the right track: climate business appears to be the common denominator and only tool that all parties can consent to. For sure, the way to effective global climate protection will be steep and rocky. To ease the task, e5, together with its sisters in the US, in Australia and the UK, will promote the bottom-up movements on company side and help put pressure on governments, notably in the US. Also, we will affirm our presence at the international climate fora, so the voice of climate business will put a stamp on any global climate negotiations to come.

BCSE Intervention at the High Level Segment of COP 11/MOP 1:

"...our organisations and companies are looking to governments:

First, to provide a clear signal from Montreal that the flexibility mechanisms, and their legally binding enforcement regime, will continue beyond 2012;

Second, provide a timeline for clarity on the post 2012 regime as soon as possible [to put investments to work];

Third, we need you to provide us with greater certainty that emissions credits will continue to have value and validity after 2012 - this is crucial;

Finally, [...] to let us know that you remain committed to a legally binding pathway of decreasing emissions, leading with industrialised countries. We also need to expand involvement of developing countries, through a variety of approaches, to expand opportunities to limit carbon."

Post-2012 Debate

In addition to COP-11/MOP-1 activities, e5 contributed to the post-2012 debate on various other occasions. At the seminar of governmental experts and on the 22nd Session of the Subsidiary Bodies, both in Bonn in May, e5 engaged for legally binding, long-term climate protection rules. To provide security for low and zero carbon investment, we called for rules that build on a 20 to 30 year-long investment horizon.

Preceding the G8 summit and British EU presidency, the UK Business Council and supporting organisation REEEP organised a meeting with blue chip representatives, EU and British decision-makers and NGOs on April 20th. On top of the agenda: defining central priorities for a sustainable energy policy in the EU. Two e5 staff members attended the meeting.

When the G8 summit convened in Gleneagles in July, e5 sent the message to establish both clear and mandatory climate protection targets: "Highlight the potentials, shift R&D resources, provide incentives and reward climate pioneers". See [press release](#).



G8 GLENEAGLES 2005

In August, e5 rebuffed the anti-Kyoto approach of influential German industry association BDI. Long-term investment security and global competitiveness of the German economy could only be assured by the continuance of the Kyoto Protocol. See [press release](#).

At a "Kyoto-Plus" expert meeting of the Konrad-Adenauer-Stiftung in Cadenabbia/Italy from November 17th-20th, Julio Lambing spoke about the acceptance of climate protection in the business sector.

Lisbon Agenda

End of March, the EU Council revamped the Lisbon Agenda. e5 sent a [letter](#) to the then EU Council President Jean-Claude Juncker to promote the business view on sustainability.

While new Commission President José Manuel Barroso and some Council members tended to prefer growth to environmental and social aspects, we stressed the equal weight of the three sustainability criteria, claiming that sustainability is a part, not the consequence of growth. After UNICE had publicly supported Barroso's position, a number of e5-affiliated corporations intervened at their national employer associations and highlighted the benefit of sustainability for economic progress. See [press release with letter](#).

Energy efficiency

On May 30th, e5, together with EURIMA (European Insulation Manufacturers Association) and EuroACE (European Alliance of Companies for Energy Efficiency in Buildings) wrote a [letter](#) to the European Parliament calling for an ambitious energy services and energy end-use efficiency Directive. Given the toothless proposal of the EU Commission (COM(2003) 739), we stressed the importance of energy-efficient technology for EU competitiveness and employment. Parliament Members, in their plenary vote on June 8th, responded to our joint call by keeping high mandatory reduction targets in the draft Directive and voting down conservative positions that had claimed even weaker regulation than the Commission.

Unfortunately, the EU Energy Ministers rejected binding targets for energy end-use efficiency on June 28th.

End of October, e5 signed an [open letter](#) from industry and environmental NGOs on the need to tap into the vast potential of energy efficiency and support a strong, progressive Energy Services Directive.

Yet, the December compromise of the European Parliament and Council softens mandatory targets to indicative ones and fixes overall annual energy savings in Europe at one per cent for the next 9 years. This is a dishonourable result, given that the EU has the potential to save at least 2,5 per cent a year.

e5 stays committed to push for the sustainable energy interest of its members. The weak version of the green paper for energy efficiency launched on June 22nd needs a brush-up and e5 is strongly committed to exactly do that. The accelerated implementation of the EU Directive on the energy performance of buildings is another focus of our joint activity. To this end, we have agreed to co-operate with the following business groups: CECED (European Committee of Manufacturers of Domestic Equipment), EURIMA, COGEN Europe (European Association for the Promotion of Cogeneration), EUPEFA (European

Polyethylene Foam Association), ACE (Association for the Conservation of Energy), EPIA (European Photovoltaic Industry Association), EREF (European Renewable Energies Federation), EREC (European Renewable Energy Council), ELC (European Lamp Companies Federation), ES-SO (European Solar Shading Organization) and EuroACE (European Alliance of Companies for Energy Efficiency).

We would like to thank Paul Metz for his activities in the white certificates research programme promoting a tradable energy efficiency instrument.

Clean Business Travel

e5 continued to address both service providers from the travel and tourism sector and companies with high travel intensity. Our aim is to raise awareness about the climate effect of air travel and hold companies to search and engage for solutions.

In spring, e5 contributed to a public [online consultation](#) of the EU Commission regarding aviation and its impact on climate change.

As an advisor to eco tax association "Green Budget Germany" (FOeS), former CEO of e5 Paul Metz continues to promote an eco tax reform along e5 lines.

China and renewable energy

In 2005, e5 built on its previous engagement for a European-Chinese dialogue on renewable energy. A Chinese business delegation visited e5 in March to discuss joint venture possibilities with Europeans wind energy experts and manufacturers. We toured with them to various wind energy companies in Europe including Germany, Denmark and Finland and evaluated several opportunities for a joint production of wind turbines in China.

e5 learnt that capacity-building for Chinese companies does not necessarily imply a drain of know-how. Accurate approaches and business models help avoid the risk of technology piracy, while they can lay the ground for sound, enduring business ties with profitable prospects for both parties. e5 was

very pleased to hear that it had greatly contributed to the implementation of certain key success factors that are relevant for the sustainable energy uptake in China – i.e., the suitable combination of local know-how and manufacturing capacity with excellent long-term technological expertise.

From April 13th to 16th, advisory board member Paul Metz attended an encounter in Beijing on Euro-China sustainable business.

From November 16th to 17th, Sebastian Gallehr was invited as business delegate to attend the 'Kyoto Plus' conference "China and Europe: Partners in the New Global Energy Economy", organised by e5 member ECF ([European Climate Forum](#)).



China Europe Partner Conference, Beijing, November 16th-17th

Gallehr discussed Chinese-European co-operation in the renewable energy sector. The attendants agreed to arrange further meetings to better understand the common and also the diverging needs of China and Europe. Both countries require the same technological innovation so they can meet their energy demand without increasing air pollution and greenhouse gas (GHG) emissions in the near future. It turned out clearly that these two big energy markets have the potential to change the global energy economy: by leading the way to lower renewable energy prices and enabling fossil fuel technologies to reduce their GHG output.

Further activities

After the **tsunami catastrophe** in South East Asia, e5 sent an [appeal](#) to EU governments and business asking them to properly assess the sustainable energy option when directing support to South Asia. To undo errors of the past, renewable energy sources and efficient

energy use should underlie all planning of a new energy infrastructure.

When the Kyoto Protocol entered into force in February, e5 took part in the festivities in Bonn on February 16th. We also took the occasion and highlighted the contribution of the '**e-mission 55** – business for climate' initiative

 **-mission 55**
business for climate

in 2001 (see [press release](#)). The request of 200

companies from around the globe - "we call on the governments of the world to ensure the entry into force of the Kyoto Protocol no later than 2002" - had taken effect at last. Our initiative proved so successful, as it communicated very clearly that business is key to climate protection.

Signatories included both SMEs and blue chips from the manufacturing industry, power generation, telecommunication, transport and service sectors. We would like to thank all our members that had supported 'e-mission 55', notably the initiating signatories Deutsche Telekom AG and Deutsche Bahn.

We also extend our gratitude to the continued engagement of e5 members Paul Metz and Hani Nokraschy for **TREC** - a trans-European partnership between the EU and Mediterranean countries on renewable energy.

e5 in the news

The Dutch *Financial Daily* and Singaporean *Asia Energy* presented e5 as proactive business group in Montréal. UK magazines *Green Futures* and *Green Building Press* took up e5's pro-Kyoto call on the occasion of the G8 summit. The daily *Frankfurter Rundschau* quoted e5's answer to the anti-Kyoto position of the German Industry association BDI.

In the *Frankfurter Allgemeine Zeitung (FAZ)*, Sebastian Gallehr drew the line between high oil prices and increased EU competitiveness. German newspapers *Die Welt* und *Berliner Morgenpost* took up Gallehr's progressive FAZ statement.

The *REEEP newsletter* spoke with e5-SEA front man Zdenek Lomecky about clean energy entrepreneurs in Central Europe.

The weekly magazine *Energie-informationsdienst (EID)* interviewed Gallehr about e-turn 21 and the need to launch a concerted action for new power plant installations. The export chances of environment technology stood in focus of a radio interview led by *Hessischer Rundfunk*. See [e5 in the news](#).

Comings and Goings

Lawyer and climate expert **Mercedes Armenteros** joint us in June to support our project activities. Together with Julio Lambing, Mercedes has managed to tap EU funding for the e-turn 21 project. We are glad to have her in our team.

Zdenek Lomecky, mathematician and energy expert from the Czech Republic, heads the REEEP programme implementation of the e5-SEA. The programming of the virtual marketplace goes on his full account.

As we strive to serve our members' needs as good as we can, we are about to recruit a **manager for member relations**. He or she will join e5 in the first quarter of the new year.

Loren Hurst stopped to head our representation office in Brussels. As he is one of the fathers of the e5-SEA, we are pleased to

announce that Loren will stay attached to e5 via the e5-SEA.

Outlook 2006

The development of our e-turn 21 project will figure prominently next year. At issue is a series of stakeholder discussions and road shows in four major EU cities.

As for the e5-SEA, we will put our effort in tapping new sustainable energy markets while leading the REEEP programme to successful completion.

At the follow-up negotiations to Montréal in Bonn next May, e5 will, as usual, do its utmost to feed the proactive business perspective into all post-2012 discussions. Adhering to our members' interest, we will strive for long-term investment security and clear emission reduction targets. The overall target is the restriction of global warming to 2°C above pre-industrial levels. Simple, but precise regulation for the Clean Development Mechanism after 2012 also stands high on our agenda.

Together with the ECF, we will expand the partnership for energy technology that Europe and China created this year.

Negotiations for the second phase of the EU Emissions Trading Scheme will enter the hot phase in June 2006. e5 will watch the allocation process with caution and engage for a fair, harmonised and transparent distribution of allowances among EU member-states.

By the way...

Do you use the convenience to present yourself as e5 member? We invite you to post the following logos at your website and presentation materials:



A zip file with the e5 member logos comes along with the email where we sent the e5 Annual Report. Thank you.