



Recommendation of the Council on  
Environmentally Favourable Energy  
Options and their  
Implementation

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## Background Information

The Recommendation on Environmentally Favourable Energy Options and their Implementation was adopted by the OECD Council on 20 June 1985 on the proposal of the Environment Committee (now called Environment Policy Committee). The Recommendation advises that Adherents, in the context of their long-term environmental and energy policies, identify and promote environmentally favourable energy options consistent with broader social and economic goals.

**THE COUNCIL,**

**HAVING REGARD** to Article 5 b) of the Convention on the Organisation for Economic Co-operation and Development of 14 December 1960;

**HAVING REGARD** to the Recommendation of the Council of 14 November 1974 on Energy and the Environment [C(74)222] and to the Recommendation of the Council of 12 October 1976, concerning the Reduction of Environmental Impacts from Energy Production and Use [C(76)162(Final)];

**RECOGNISING** the increasing importance attributed to environmental quality by both governments and the public;

**CONSIDERING** that energy availability and environmental quality are both central factors for economic development and the quality of life, and that these objectives often need to be reconciled in order to find optimum solutions for industrialised society;

**CONSIDERING** that improvement of the efficiency of energy use is already a major contributor to energy, environmental and economic goals, and noting the on-going work of the International Energy Agency on policies to improve energy efficiency and on other work on energy and environment;

**CONSIDERING** that the identification and implementation of environmentally favourable energy options can contribute significantly to both energy and environmental objectives as well as yielding a variety of other economic and social benefits;

**RECOGNISING** the differences among Member countries with regard to various factors such as the actual state of pollution, the degree of implementation of environmental measures, and the institutional aspects of energy and environmental policy formulation;

**On the proposal of the Environment Committee;**

**I. RECOMMENDS** that Member countries, in the context of their long-term environmental and energy policies, identify and promote environmentally favourable energy options consistent with broader social and economic goals by:

- a) Achieving closer institutional links between energy and environmental policymaking from the earliest stages and throughout the policy process;
- b) Developing further and applying methods of energy and environmental analysis;
- c) Encouraging the identification of the net environmental benefits of policies which promote increased energy efficiency;
- d) Identifying and reducing barriers to the implementation of environmentally favourable energy options;
- e) Allowing the various costs of adequate environmental protection at the different stages of energy production, transformation and use to be reflected in the prices of all forms of energy;
- f) Improving the clarity, efficiency and predictability of regulations;
- g) Identifying and taking into account, at an early stage of decision-making, the environmental implications of energy-related measures and strategies as well as the energy implications of environmental measures and strategies;
- h) Referring to the elements of environmentally favourable energy options, set out below.

**II. INSTRUCTS** the Environment Committee:

- a) To continue to develop its present work on environmentally favourable energy options, including the development of new data and analytical capabilities;
- b) To provide for exchange of information on technical and non-technical means of promoting Environmentally Favourable Energy Options;

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- c) To continue its co-operation with the International Energy Agency in implementing this Recommendation and to take into account on-going work in other international organisations;
  - d) To assess Member countries' progress in implementing this Recommendation.

**III. REQUESTS** the International Energy Agency to take this Recommendation into account and to continue its co-operation with the Environment Committee in its work in this field.

## ANNEX

**ELEMENTS OF ENVIRONMENTALLY FAVOURABLE ENERGY OPTIONS**

The following elements are indicative of the types of action which could be undertaken by Member countries, depending on their specific circumstances, in order to implement this Recommendation:

**a) Enhanced Institutional Linking**

1. Co-operation between those responsible for energy planning, including long-term supply and demand forecasting, and those responsible for assessing environmental impacts;
2. Establishment of environmental policy "early warning systems" that would alert energy policymakers to issues that are at an early stage of identification and understanding, but that might arouse serious concern in a few years time when these issues are better understood;
3. Development of joint promotional initiatives by energy and environmental agencies to increase public acceptance of measures that further energy and environment objectives, e.g. improving building heating and cooling efficiencies;
4. Closer co-operation in government sponsored research and development on environmental control technologies, environmentally favourable conversion technologies and system impact assessment techniques;
5. Closer consultations between government departments responsible for both energy and environment, and industry involved in energy investments and pollution control equipment manufacturing.

**b) Better Analytical and Data Capabilities**

1. Improved energy/environment data bases, including energy efficiency and environmental impact indicators;
2. Guidelines and techniques to increase the reliability and comparability of estimates of environmental costs and benefits related to energy;
3. Development of better techniques to compare differing environmental risks of energy technologies;
4. Co-operation among concerned agencies towards a better understanding of the relationships linking economic growth, energy systems and the environment.

**c) Promotion of More Efficient Use of Energy from the Environmental Perspective**

1. Encouragement for energy policies designed to achieve investment by industry and individual consumers in more energy-efficient buildings, vehicles and other equipment, and better energy management;
2. Identification and quantification of environmental benefits from improved efficiency of energy use;
3. Better information to consumers on these environmental benefits;
4. Encouragement of co-operation between energy and environmental institutions to identify energy initiatives offering simultaneous high environmental gains and energy savings, and to attempt to quantify the benefits to both energy and environment.

**d) Reduction of Barriers to Environmentally Favourable Energy Options**

1. Co-operation between governments to reduce technological and economic barriers, and help to develop, improve and bring onstream new environmentally favourable energy technologies;
2. Improved transparency relating to the cost of energy-using equipment (e.g. specification of running costs) and environmental performance (e.g. specific pollutant emissions) to enable consumers to make informed and environmentally sensitive decisions;
3. Identification and reduction of institutional barriers;
4. Improvement of public awareness concerning environmentally favourable energy options, and of ability to apply these options in their use of energy, taking into account both energy and environmental benefits.

**e) Integration of Environmental Costs in Energy Pricing and Incentives**

1. Identification of energy pricing policies or practices which are not in accordance with the Polluter Pays Principle;
2. Incentives (e.g. tax credits, grants), where appropriate, to undertake environmentally favourable energy investments, which reflect not only energy savings but also environmental benefits.

**f) Improved Regulations**

1. Sufficient flexibility in regulatory schemes to encourage research and innovation of environmentally favourable and economically efficient energy options;
2. Better integration of regulatory procedures at national, regional and local levels;
3. Advance notice of changes in environmental regulations as far as possible, and adequate lead-time to comply with regulations;
4. Consultations at an early stage among concerned parties regarding environmental problems which may require future regulatory changes.

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