Title of measure: SPA14 Law on Sustainable Economy

The purpose of the Sustainable Economy Act is to introduce the structural reforms needed to create conditions that favour sustainable economic development into the legal system.

For the purposes of this Law, the term 'sustainable economy' is understood to mean a growth pattern that reconciles economic, social and environmental development in a productive and competitive economy that is capable of favouring quality employment, equal opportunities and social cohesion and that can guarantee respect for the environment and the rational use of natural resources in such a way as to enable the needs of present generations to be met without compromising the options for future generations to service their own requirements.

The action of the public authorities in their respective areas of competence for fostering sustainability in the Spanish economy, under the terms defined in the previous section, shall be guided by the following principles:

1. Increased competitiveness. The Public Administration Services shall foster the increased competitiveness of companies through regulatory frameworks that favour competition and efficiency in the goods and services markets, that facilitate the allocation of production resources and improved productivity, particularly through training, research, innovation and the use of new technologies, and that increase their capacity to compete in international markets;

2. Stability of public finances. The Public Administration Services shall guarantee the stability over time of their finances in order to contribute to the better performance of economic activity and the correct functioning of the State;

3. Streamlining of Public Administration Services. The Public Administration Services shall adopt simplification and sustainability measures in their administrative structures and regarding direct access by the public to public services, guaranteeing ethical, effective, efficient and transparent action;

4. Promoting the capacity to innovate among companies. The Public Administration Services shall develop a policy of support for research and innovation to favour both innovative companies and industries and the renewal of traditional sectors aimed at increasing their competitiveness;

5. Energy saving and efficiency. Energy saving and efficiency must contribute to sustainability by encouraging cost reductions, minimizing energy dependency and preserving natural resources;

6. Promotion of clean energies, reduction of emissions and efficient treatment of waste. The Public Administration Services shall adopt energy and environmental policies that seek compatibility between economic development and the minimization of the social cost of emissions and the waste produced and the treatment thereof;

7. Rationalisation of residential construction. The Public Administration Services shall adopt policies that favour the rationalization of residential construction in order to reconcile a response to the needs of the population, the rehabilitation of older properties and urban centres, the protection of the environment and the rational use of economic resources;

8. Extension and quality improvement in education and the promotion of lifelong learning. The Public Administration Services shall favour the extension and improvement of education and lifelong learning as instruments to improve social cohesion and the personal development of citizens;

9. Strengthening and guarantee of the social State. For the sake of social cohesion, the Public Administration Services shall reconcile the parallel and harmonized advancement of economic progress with improvements to social services and the financial sustainability of the same.
The Sustainable Economy Law states provisions in relation to various areas of environmental sustainability, used to tackle some global reforms within the affected sectors. These areas are the energy model, the reduction of emissions, transport and sustainable mobility, and particularly, rehabilitation and housing due to their importance in the Spanish economic pattern.

In relation to environmental sustainability, the Law states the major applicable principles in this issue, that is, the guarantee of a secure supply, economic efficiency and the respect for the environment, as well as the national objectives for 2020 on energy saving and efficiency and on the use of renewable energies, pursuant to the provisions set forth by the EU. Hence, the energy model to be derived from the above will seek, thanks to the planning instruments envisaged, to foster the choice for renewable energies, strengthen the predictability and efficiency in energy policy decisions -especially as regards the incentives framework- and cut back the contribution of energies with higher CO2 emission potential.

On the other hand, the cooperation between the Public Administrations is furthered within the framework of the Energy Sectoral Conference, and R+D+I is enhanced in terms of renewable energies and energy saving and efficiency by paying special attention to the new duties of the Public Administrations. Thus, the Public Administrations shall establish specific saving programmes on energy saving and efficiency and on the use of renewable energy sources that may bring forward the performance of the general objectives set forth by the 2020 horizon. In this way and in compliance with the Energy Saving and Efficiency Plan, the envisaged objective of 20% saving could be reached in 2016, for want of measures regarding the trend scenario. These programmes will set up the energy-rating minimum requirements to be met on the purchase of energy-labelled goods and rights, as well as the minimum rating for buildings and vehicles that belong to the Public Administrations assets.

They will also have to meet sustainability criteria in the management of public companies with a view to optimising their energy consumption by means of practices such as the hiring of energy services.

With regard to the transport sector, the Law means to boost its transformation to increase its economic and environmental efficiency, as well as its competitiveness. To do so, the Law establishes principles applicable to the regulation of transport such as the guarantee of operators and users’ rights, the promotion of competition, efficient management and the enhancement of transport media with lower environmental and energy costs. It also envisages carrying out a periodical classification of the transport markets to appraise the extent of their competition and propose measures to promote the latter.

In like manner, it deals with measures in relation to the planning and the efficient management of transport infrastructures and services with the inclusion of objectives, such as the promotion of competitiveness, land cohesion and sustainable mobility, as well as the priorities of the State planning in this issue, especially focussing on railway transport and putting emphasis on railway goods transport.

Considering sustainable mobility, the implementation of sustainable mobility plans is enhanced as regulated by the Law in terms of its kind, territorial scope (regional, municipal or higher levels of government), minimum content, enforcement and updating, subject to the granting of state allowances for urban or metropolitan public transport to the implementation of these plans. Breakthrough is also achieved in the enhancement of sustainable mobility in firms, giving the transport plan provision legal standing.

In terms of the promotion of a clean road transport take place the transposition of Directive 2007/46/EC, creating a framework for the standardisation of motor vehicles and trailers, on the one hand; and of Directive 2009/33/EC, relating to the promotion of clean and energy efficient road transport vehicles, on the other hand. In line with this, the contracting authorities and the operators in charge of public service duties such as the purchase of road transport vehicles are to take into account the energy and environment impact linked to the use of the vehicles all along their service life.
The Law also considers the need to improve transport media from a technological and an efficient point of view, taking into account, among other steps, the potential application of new technologies in fleet management with efficiency criteria; the development of energy certification systems in transport firms that may accredit the availability of fleet management instruments, as well as the provision of energy efficiency training to their employees; the renewal of both goods and passenger collective transport fleets with more efficient ones; the promotion of electric and hybrid vehicles, as well as the application and installation features for renewable energies linked to these vehicles.

Concerning the household sector, the Law tries to boost the sector’s recovery though a series of reforms focusing on the boosting to urban rehabilitation and renewal. Along with the new regulatory framework boosting urban rehabilitation and renewal, the Law envisages that the State’s General Administration and the relevant administrations in the field of land use and urban development should further rehabilitation and renewal actions in the city and in the rest of the existing population centres as well as the coordination of the measures, funds, aids and benefits - inclusive of the ones envisaged in EU programmes - aimed at such objectives. The use of clean, efficient technologies aimed at energy, water and waste management is considered within this scope.

The Sustainable Economy Fund has been made the financial instrument whose purpose is to back the development of the principles and objectives stated in the Law. Coordination instruments between the State’s General Administration and the Autonomous Communities as well as with the local Bodies are also planned for the survey and assessment of the enforcement of the Law. These administrations will exchange information on the actions carried out in the performance of their duties. In like manner, social partner participatory mechanisms will also be introduced for assessment and follow-up tasks and especially, in the report that the Government is to approve, at least every two years, on the development of sustainable economy that is to incorporate the action recommendations for the following period.

The Sustainable Economy Law will lead to policy or regulatory provisions, delving into the establishment of energy efficiency standards for the various end-use consuming sectors.

**Impacts Assessment (methods and results)**

**Ex-ante assessment**

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<tr>
<th>Measure impact level</th>
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<tbody>
<tr>
<td>low</td>
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<td>medium</td>
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<td>X</td>
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<td>high</td>
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**Historical data**

In autumn 2009 the Government of Spain defined the Strategy for a Sustainable Economy. The Strategy is a set of policy initiatives, plans of action and regulatory measures aiming at facilitating the shift towards a revitalized and more sustainable pattern of economic activity. A core element of the strategy is the Law for a Sustainable Economy which includes a wide range of measures most of which are of a horizontal nature. In addition, the strategy includes a set of more specific structural reforms oriented at improving the regulation of markets and boosting the productivity of the economy’s inputs.

**Interaction of Measures**

- Action Plan 2011-2020: Transport Plans in Firms and Activity Centres (SPA31)
- Action Plan 2011-2020: Renewal of road transport fleets (SPA41)
- Action Plan 2011-2020: Renewal of Cars Fleets (SPA44)
• Strategic Infrastructures and Transport Plan (PEIT) 2005-2020 (SPA50)
• Action Plan 2011-2020: Energy Audits (SPA 19)
• Action Plan 2011-2020: Improvement in the technologies of equipment and processes (BAT) (SPA20)
• Action Plan 2011-2020: Establishment of energy management systems (SPA22)
• Revised” Regulation of Thermal Installations in Buildings (SPA37 -Household sector; SPA41-Services sector)
• Energy Performance Certificate for new and refurbished buildings (SPA35-Household sector; SPA39-Services sector)
• Technical Building Code (SPA36-Household sector; SPA40-Services sector)
• Action Plan 2011-2020: Renewal of the thermal casing in the existing buildings (SPA30 -Household sector; SPA34-Services sector)
• Action Plan 2011-2020: Improvement of energy efficiency of the indoor lighting installations in existing buildings (SPA32 -Household sector; SPA37-Services sector)
• Action Plan 2011-2020: Construction or rehabilitation of nearly-zero energy buildings (SPA39 -Household sector; SPA49-Services sector)
• Action Plan 2011-2020: Improvement of energy efficiency of the thermal installations in existing buildings (SPA31 -Household sector; SPA35-Services sector)
• Action Plan 2011-2020: Construction of new buildings and rehabilitation of the existing ones with high energy qualification (SPA33 -Household sector; SPA36-Services sector)

References
• Spanish Strategy for Sustainable Mobility (SSSM). Ministry of Development. (April, 2009)
• Law 2/2011, dated on 4th March 2011, on Stainable Economy.