



EUROPEAN
ENVIRONMENTAL
BUREAU



Friends of
the Earth
Europe



Joint NGO response to the consultation on the Review of Directive 2012/27/EU on Energy Efficiency

Part I – General questions

1. Article 1: Subject matter and scope and Article 3: Energy efficiency target

Article 1 provides the general framework for the promotion of energy efficiency within the Union in order to ensure the achievement of the EU 20% energy efficiency headline target by 2020. In addition and more specifically, **Article 3** requires that each Member State sets an indicative national energy efficiency target based on either primary or final energy consumption, primary or final energy savings or energy intensity. In setting the targets, Member States should take into account a number of provisions set out in Article 3(1).

As regards the EU energy efficiency target for 2030, the European Council agreed in October 2014 on an indicative target at the EU level of at least 27% (compared to projections) to be reviewed by 2020 having in mind an EU level of 30%. Therefore, the existing policy framework should be updated to reflect the new EU energy efficiency target for 2030 and to align it with the overall 2030 Climate and Energy framework.

1.1. What is the key contribution of the EED to the achievement of the 2020 energy efficiency target?

A series of policies and measures were put in place to contribute towards achieving the EU 20% energy savings target. Despite the progress made under this legislation, in 2011 the European Commission assessed that existing and planned policies would only deliver about 11% of the savings required to achieve this target. The EED was adopted to help close the gap, aiming at addressing barriers that prevent energy efficiency from happening. It strengthened the existing European legislative framework, stimulating national action on energy efficiency and helping create a level playing field among Member States. Member States continue to report on measures in the National Energy Efficiency Action Plans, but for the first time under the EED, they had to set national energy efficiency targets and report on them in a comparable and transparent way. Although the targets are indicative, this facilitates the process of monitoring the EU progress towards meeting its collective energy savings target.

1.2. How has the EED worked together with the Effort Sharing Decision, other energy efficiency legislation (on buildings, products and transport) and ETS? Could you describe positive synergies or overlaps?

The EED increases energy savings and consequently reduces greenhouse gas emissions mainly in sectors that are relevant to the Effort Sharing Decision (ESD). Therefore, the EED and the ESD are mutually reinforcing policies. For the moment, it is difficult to quantify the synergies between the two legislations, as the timing of the transposition of the EED (in 2014) and the reporting cycle for the ESD (in 2015, reporting data for the year 2013) do not coincide. Synergies should be further explored, as more national information becomes available. In the same context, the EED and the ETS are also complementary tools, as a carbon price alone is not sufficient to tackle non-market barriers, which energy efficiency measures are able to address. By reducing final energy consumption through energy efficiency measures, it is easier to meet and even exceed the renewable energy targets.

1.3. How has the EED worked together with existing national legislation? Could you describe any positive synergies or overlaps?

The EED drives national action but also provides flexibility to the Member States to set specific national requirements, which take into account national circumstances. The development of the National Energy Efficiency Action Plans every 3 years as required by the EED gives the Member States the opportunity to lay down a comprehensive strategy of national action on energy efficiency, further exploring the interlinkages between European legislation and national measures.

1.4. What are the main lessons learned from the implementation of the EED?

The EED implementation has confirmed that binding targets and measures, such as the 1.5% energy savings obligation provide direction and set in motion the implementation of national energy savings measures. More countries are planning to establish energy efficiency obligations (EEO), which shows that EEOs are a valuable tool to deliver savings. To facilitate the continuation of this important tool, the sunset clause included in Article 7 must be lifted. At the same time, the EED implementation is ongoing, and progress has been slow, as this also a learning process for the Member States. Until November 2015, most Member States have received [at least one Reasoned Opinion](#) from the European Commission on their transposition of the EED. To help improve compliance, where there is evidence that there is still a lack of understanding of the EED implementation, the European Commission needs to provide further guidance and facilitate the exchange of best practices.

1.5. Which factors should the Commission have in mind in reviewing the EU energy efficiency target for 2030?

The EU needs to live up to the Paris agreement and increase its climate, renewable energy and energy savings targets for 2030. The three target framework for greenhouse gas emission reductions, renewable energy and energy savings should include a binding 40% energy savings target that is needed to help Europe tap into its significant cost-effective energy savings potential. This has been repeatedly called for

by the European Parliament. The 2030 energy savings target must be complemented with a reinforced supportive EU legislative framework, designed to build on existing efficiency policies and measures. This, in turn, can deliver a broad range of [benefits](#) to Europe's economies, businesses and citizens. A full cost-benefit analysis must be carried out, factoring in the multiple benefits of energy efficiency. It must be ensured that the costs of the potential energy efficiency options are not overestimated.

1.6. What should the role of the EU be in view of achieving the new EU energy efficiency target for 2030?

The Commission must provide the tools and set the course to pursue the 1.5°C temperature rise limit, as agreed in Paris and tap the cost-effective energy savings potentials. A 40% binding energy savings target for 2030 combined with a strong energy efficiency legislation to achieve this target should be put in place. The Commission plays a key role in monitoring the progress of Member States' implementation and must ensure compliance, if necessary through infringement procedures. Close monitoring by the Commission of the transposition and implementation of European law at the national level can also lead to the identification of barriers and challenges that could be best addressed through the provision of further guidance by the Commission. The introduction of further measures, in case a gap towards achieving the 2030 target is identified, needs to be foreseen.

1.7. What is the best way of expressing the new EU energy efficiency target for 2030:

- Expressed as energy intensity
- Expressed in an absolute amount of final energy savings
- Expressed in both primary and final energy consumption in 2030
- Expressed only in primary energy consumption in 2030
- Expressed only in final energy consumption in 2030
- Other (please specify)

1.8. For the purposes of the target, should energy consumption be:

- Expressed as energy, regardless of its source (as now)
- Expressed as avoided non-renewable energy
- Expressed as avoided fuel-use (but including biomass)
- Other (please specify)

2. Article 6: Purchasing by public bodies of energy efficient buildings, goods and services

One of the objectives of the EED is to improve and strengthen energy efficiency through public procurement. **Article 6** of the Directive states that Member States shall ensure that central governments purchase only products, services and buildings with a high energy-efficiency performance. The central governments of the Member States should “lead by example” so that local and regional procurement bodies also strengthen energy efficiency in their public procurement procedures.

The Commission is carrying out an assessment of Article 6 of the EED and the preliminary findings show a rather limited experience in the Member States so far in implementing the requirements of Article 6. One of the main barriers to implementing the requirements is the lack of clarity and guidance across the existing EU rules on public procurement. On the other hand, experiences in some Member States indeed demonstrate that the measures required by the EED on public procurement have helped to educate and involve procurement bodies in the use of energy efficiency criteria, spreading the exemplary role of central governments also at regional and local levels.

2.1. In your view, are the existing EU energy efficiency requirements for public procurement sufficient to achieve the needed impact of energy savings?

No.

[According to the EED Concerted Action](#), the interest of Member States in implementing Article 6 is visible. At least 9 Member States are undertaking or planning to undertake new activities as a direct result of the requirement of this Article. This is encouraging, but increased savings are not guaranteed, as the provisions are not stringent enough. Energy performance levels that promote the purchase of only the most energy-efficient products, services and buildings should be set.

2.2. How could public procurement procedures be improved in the future with regard to high energy efficiency performance?

The requirements of Article 6 should be extended to all public authorities to cover all public contracts. Clear and ambitious energy performance levels for "energy efficient products, services and buildings" should be set.

2.3. Do you think that there is sufficient guidance in your country to characterise "energy efficient products, services and buildings"?

No

[According to the EED Concerted Action](#), Member States consider that the main barriers to energy efficient public procurement (EEPP) are lack of skills and practical know-how among public procurers on EEPP, as well as lack of clear guidance and a shortage of practical toolkits; therefore, guidance needs to be improved. Further use of energy labelling is needed to provide guidance on energy-related products where appropriate. Further support in terms of capacity-building for the evaluation of life cycle and methodologies for monitoring energy performance to public authorities would also be useful.

2.4. Have you seen information campaigns or other public initiatives in your or in another EU country that explain public procurement of energy efficient products, services and buildings?

No reply

If yes, how useful have they been to increase awareness? Please describe.

[Free choice: max. 1000 characters]

3. Article 7: Energy efficiency obligation schemes

Article 7 together with Annex V requires that Member States set up an energy efficiency obligation scheme to ensure that obligated parties (energy distributors and/or retail energy sales companies that are designated by each Member State) achieve a given amount of energy savings (1.5% annually) from annual energy sales to final customers over the period 2014 to 2020. As an alternative to setting up an energy efficiency obligation scheme, Member States may opt to take other policy measures to achieve energy savings among final customers to reach the same amount of savings.

The Commission is required to assess the implementation of this Article and submit a report by 30 June 2016 to the European Parliament and the Council, and, if appropriate, to supplement the report with a legislative proposal for amendments.

In line with the EED, Member States had to notify the measures and methodologies on implementation of Article 7 by 5 December 2013. Further information from Member States was received in the notified National Energy Efficiency Action Plans (due by April 2014).

According to the latest available information from the notifications received from Member States¹, 16 Member States notified an energy efficiency obligation scheme by putting an obligation on utilities to reach the required cumulative energy savings by 2020 under Article 7. Four Member States out of these (Bulgaria, Denmark, Luxembourg and Poland) will use it as the only instrument to achieve the required energy savings. 12 Member States (Austria, Croatia, Estonia, France, Ireland, Italy, Latvia, Lithuania, Malta, Slovenia, Spain and United Kingdom) will use the obligation scheme in combination with alternative measures. On the other hand, 12 Member States (Belgium, Cyprus, Czech Republic, Germany, Greece, Finland, Hungary, Netherlands, Portugal, Romania, Slovakia and Sweden) have opted to only use the alternative measures to reach the required savings instead of putting obligations on utilities.

3.1. Are you aware of any energy efficiency measures that have been carried out or are planned in your country, by the utilities or third parties in response to an energy efficiency obligation scheme?

¹ <http://ec.europa.eu/energy/en/topics/energy-efficiency-directive/obligation-schemes-and-alternative-measures>

Yes

The EED is still being implemented, and progress has been slow. However, all Member States have submitted their plans for the implementation of Article 7. Sixteen Member States chose to develop an EEO to partly or fully achieve the savings required. Member States are investing time and resources into energy efficiency measures in order to implement the EED. E.g. in Spain obliged parties pay into a fund under the EEO. On this basis, IDAE, the managing authority, set energy efficiency funding programmes for four sectors (building sector, municipal street lighting, transport and industry). These are available for individuals, public authorities and the private sector. In September 2015, the Ministry of Industry added another € 207M to the initial budget, because of the increased demand. More time will be needed to assess the result of Member States efforts. Therefore it is important to remove the sunset clause for Article 7 and strengthen its implementation beyond 2020

3.2. In your view, is Article 7 (energy efficiency obligation scheme or alternative measures) an effective instrument to achieve final energy savings?

Yes

If yes, please explain your answer:]

EEO schemes are useful mechanisms to stimulate the energy efficiency services market. They also contribute to energy companies gradually shifting their activities towards also delivering energy services linked to energy efficiency improvements rather than simply supplying energy. In addition, an EEO scheme can ensure the build-up of expertise around the implementation of energy efficiency measures and provide a stable funding source independent from the government budgets, with which energy companies will contribute the up-front investments in energy efficiency. Experience with obligation schemes in several Member States shows that they can reduce household bills, improve businesses' competitiveness, provide secure new revenue streams and act as driver for establishing an energy services market and initiating behaviour change towards saving energy among consumers.

3.3. What are, in your view, the main challenges or barriers to implementing Article 7 effectively and efficiently in your country? Please select up to 5 options from the list.

- To select or introduce the right set of measures for achieving 1.5% energy savings (annually)
- Too great flexibility to use wide range of measures: energy efficiency obligation scheme and alternative measures
- Strong opposition from energy suppliers and distributors to set up an energy efficiency obligation scheme
- Lack of effective enforcement
- Lack of sufficient knowledge and skills of involved parties

- Lack of awareness (by the end-users) of the energy efficiency obligation schemes or alternative measures
- Developing the calculation methodology in line with the requirements of Annex V
- Ensuring sound and independent monitoring and verification of energy savings
- Avoiding double counting
- High administrative burden
- Ensuring consistent application of the requirements with other energy efficiency legislation (e.g. building codes)
- Limited timeframe (2014-2020) that makes it hard to attract investment for long term measures
- Other (please specify)

3.4. Do you believe that the current 1.5% level of energy savings per year from final energy sales is adequate?

- Strongly agree
- Agree
- Disagree
- Strongly disagree
- No opinion

The exemptions introduced during the legislative process are reducing the savings to be achieved under Article 7. [It is estimated](#) that with the current provisions the average final energy savings delivered are only 0.8% instead of 1.5%. It must be ensured that at least 1.5% additional energy savings are delivered every year. The overall ambition of Article 7 must, at least, double in order to secure tapping into the cost-effective potentials across sectors. [The Commission's 2014 Impact Assessment](#) accompanying the Communication "A policy framework for climate and energy in the period from 2020 up to 2030" includes scenarios with higher ambition energy efficiency policies. These scenarios take into account average annual energy savings in 2020-2030 that amount up to 2.3% for Article 7. In Denmark, the EEO for energy companies [has to increase to 2.6% of final energy consumption excl. transport in 2013 and 2014](#). From 2015 to 2020, this figure will rise to an annual 2.9%.

3.5. Should energy efficiency obligation schemes have specific rules about energy savings amongst vulnerable consumers?

No opinion;

It might be a challenge to apply specific rules regarding vulnerable consumers within Article 7 at EU level, as definitions vary from country to country. In any case, actions to improve the quality of life of low-income and socially disadvantaged households through the implementation of energy efficiency measures in their buildings should be

considered a priority. This also implies dedicated funding in order to ensure that the initial cost of implementation is no barrier or burden for the beneficiaries.

4. Articles 9-11: Metering, billing information and cost of access to metering and billing information

Articles 9-11 deal with consumer empowerment, by asking Member States to put in place requirements about metering, access to billing information and cost of access to metering and billing information, allowing consumers to make decisions about their energy consumption. These issues are also currently being looked at within the Electricity Market Design/Delivering a New Deal for Energy Consumers initiative. It may be relevant to consider certain aspects of these Articles in the EED review. The same is true for the subject of "demand response" (as set out in paragraph 8 of Article 15, but on this topic explicit questions were already included in the Market Design consultative communication published in July 2015).

4.1. Overall adequacy: Do you think the EED provisions on metering and billing (Articles 9-11) are sufficient to guarantee all consumers easily accessible, sufficiently frequent, detailed and understandable information on their own consumption of energy (electricity, gas, heating, cooling, hot water)?

No

The provisions included in the EED should be strengthened. Smart metering can be an enabling technology for energy savings but is not enough to lead to consumer behaviour change. In Spain, e.g., Smart Meter rollout implemented systems that do not really provide real-time information to customers. This is insufficient for incentivising in-home energy savings and even participating in demand-response schemes. Real-time information needs to be clearly and regularly provided to consumers in a user-friendly way in order to help them reduce their energy use. Awareness raising and training programmes could help consumers make better use of their smart meters. It is also important that they receive advice on which energy efficiency measures they can take to lower their energy consumption, available funding opportunities as well as economic and environmental benefits of energy savings. Data protection should also be ensured. Clear rules on access to and ownership of the data must be defined.

4.2. Do you think it appropriate that the requirement to provide individual metering and frequent billing (Articles 9(1), 9(3) and 10(1)) is subject to it being technically feasible and/or cost effective?

Yes

For the installation of a smart meter, the benefits for the consumer have to be higher than the cost of the meter, especially since it is an enabling technology to help save energy rather an end goal in itself. For consumers that have reduced their consumption, it might be more difficult to recover the cost of installing a meter. A cost-

benefit analysis is an important first step. It is also important for Member States to determine in a transparent way how the technically feasible and/or cost effective are determined. Consumers must receive clear information about costs passed on to them due to the installation and use of such meters. Multiple benefits, including the ability to participate in demand response and aspects that improve grid flexibility should be considered. Data from smart meters can help grid operators manage the grid in a much better and also cheaper way. Getting access to this information could be used to cover some of the costs installing the meters.

4.3. Should such conditions of being technically feasible and/or cost effective be harmonised across the EU?

No

As Europe moves towards a fully functional internal energy market, this will probably need to be considered eventually but for the moment, it may cause unnecessary delays and difficulties to implement, given the different national circumstances at the Member States level.

4.4. How would these conditions of being technically feasible and/or cost effective affect the potential for energy savings and consumer empowerment?

See questions 4.1, 4.2 and 4.3

4.5. Smart meters: Do you think that A) the EED requirements regarding smart metering systems for electricity and natural gas and consumption feedback and B) the common minimum functionalities, for example to provide readings directly to the customer or to update readings frequently, recommended by the Commission² together provide a sufficient level of harmonisation at EU level?

No

If no, do you think the common minimum functionalities should be the basis for further harmonisation?

The [annual ACER/CEER Market Monitoring Report 2014](#) already noted a lack of minimum technical functionalities and other requirements for smart meters in many Member States. Furthermore, in its 2014 report, "[Benchmarking smart metering deployment in the EU-27](#)", the Commission found that only eight from the sixteen Member States planning a smart meter roll out will fully deliver the functionalities as recommended in Recommendation 2012/148/EU. Therefore, enforcement of the relevant provisions should be more stringent, and further coordination at the EU level is needed. It needs to be ensured that real-time information is clearly and regularly provided to consumers in a user-friendly way in order to help them reduce their energy use.

² C(2012)1342

4.6. What obstacles have national authorities/actors faced in introducing on a large scale individual meters that accurately reflect the final customer's actual energy consumption? Do you have any good experiences to share on how to overcome these obstacles?

No reply - [Free choice: max. 1000 characters]

5. Article 20: Energy efficiency national fund, financing and technical support

The analysis of the July 2014 Energy Efficiency Communication and the recent EEFIG Report³ showed that the energy efficiency investment market is still relatively small scale compared to its potential or the volumes needed to meet the EU's 2030 objectives. The European Structural and Investments Funds address the market gaps related to investment projects including those in energy efficiency, and the European Fund for Strategic Investments provides EU guarantee for investment projects – including those for energy efficiency. The European Energy Efficiency Fund carries relevant lessons.

Moreover, significant funding for energy efficiency comes from national public sources and the private sector. The effectiveness and impact of energy efficiency investments funding strongly depends (*inter alia*) on the implementation of the energy efficiency legislation, including the EED.

5.1. What should be the most appropriate financing mechanisms to significantly increase energy efficiency investments in view of the 2030 target?

The EU and Member States must continue providing and increase dedicated financial support for energy efficiency, through the European Investment Bank, EU structural and cohesion funds and the use of revenues from ETS allowance auctions and ETS funds, applying the energy efficiency first principle in the project selection. Member states should establish one-stop-shops to help small projects get funding through aggregation of projects and being accessible at the local level. National energy efficiency funds, combining revenues from different financing sources, need to become the norm. The EEOs should become a useful tool for providing finance for renovation investments, and this requires that they continue after 2020 and are also reinforced. State expenditure on energy efficiency up to a certain limit could also be exempt from counting to Member States' public debt, as it is an investment that can leverage private financing and as such can have a positive impact on the government budget.

5.2. Should there be specific provisions aimed at facilitating investment in specific areas of energy efficiency?

³ EEFIG - Energy Efficiency Financial Institutions Group Report: Energy Efficiency – First fuel for the EU economy, 2015, www.eefig.eu

Yes

If yes, specify your answer from the below list:

- Building renovation
- Efficient appliances and equipment in households
- District heating and cooling network development
- Energy use by industries
- SMEs
- Companies
- City and community infrastructures in relation to transport, waste heat recovery, waste-to-energy
- Other (please specify)

5.3. Do you agree that one way to increase the impact of energy efficiency investments could be through making the energy performance/savings monitoring mandatory under Article 20 whenever public funds/subsidies are used for EE investments? Such monitoring could be done, for example, via on-line platforms, by users in the regular intervals.

- Strongly agree
- Agree
- Disagree
- Strongly disagree
- No opinion

6. Article 24: Reporting and monitoring and review of implementation

The Energy Union Strategy foresees an integrated governance framework for EU energy and climate policies to ensure that agreed climate and energy targets are reached and to enable Member States to better coordinate their policies at a regional level.

6.1. Do you think that the existing reporting and monitoring system under the EED is a useful tool to track developments with regard to energy efficiency in Member States?

Yes

If yes, why is it a useful tool??

[Free choice: max. 1000 characters]

It facilitates the monitoring of progress in implementing energy efficiency policies and increase transparency and comparability

6.2. Do you think that the reporting of national indicators (for example, value added/ energy consumption, disposable income, GDP etc. for year (n-2)⁴ under Annex XIV (1)(a)) of the EED should be simplified?

No

The indicators that are reported within the annual national progress reports give a good overview of the evolution of the economy related to the energy use at the European and the national level. A binding reporting template is needed to further facilitate the monitoring of progress in implementing energy efficiency policies and increase transparency and comparability.

6.3. Do you think additional indicators (in addition to those referred to in Annex XIV (1)(a) – (e)) are needed to improve monitoring to assess Member States' progress towards their energy efficiency targets?

Yes

Indicators on public and private investments in energy efficiency and indicators such as numbers of jobs created, health and air pollution costs avoided should be added. This would increase the visibility and understanding of the multiple benefits of energy efficiency and how having ambitious targets for energy efficiency can drive these benefits.

⁴ In the year before last [year X(1) – 2], where "X" is the current year.

Part II – Technical questions (on Articles 6 and 7)

7. Article 6: Purchasing by public bodies of energy efficient buildings, goods and services

7.1. Do you believe that measures on public procurement of energy efficient products, services and buildings should become mandatory also for public bodies at regional and local levels?

Yes

The scope of public procurement rules under Article 6 should be extended to all public authorities to cover all public contracts, and clear and ambitious energy performance levels should be set (including for new and existing buildings). Guidance and financial instruments should be made available and targeted towards local and regional authorities. Leading by example, public authorities are best positioned to showcase the benefits of energy efficiency to the general public and help scale up the roll out of energy efficiency measures also to the private sector.

7.2. In your view, what are the main barriers that preventing the use of energy efficiency requirements in the existing public procurement procedures (please select from the list and explain your reply:

- There is a lack of awareness about the use of energy efficiency requirements in public procurement
- There is insufficient expertise and/or knowledge on the use of energy efficiency requirements in public procurement
- Thresholds are too high which is why energy efficiency requirements do not apply to many contracts
- Incompatibility of energy efficiency requirements with other procurement criteria (sustainable requirements, low price, safety requirements, technical requirements)
- Higher energy efficiency criteria in public procurements may imply higher prices
- Lack of clarity of the energy efficiency requirements for public procurement
- Energy efficiency requirements for public procurement are not very clear and difficult to check

[Free choice: max. 1000 characters]

7.3. In your view, should all EU public procurement rules relating to sustainability (including in particular energy efficiency in buildings, the use of renewable energy sources, etc.) be gathered into a single EU guidance framework?

Yes

It should be ensured that public procurement rules related to sustainability cover all products/services, even when these are not covered by specific EU legislation. The Commission should ensure coordination and coherence between different pieces of legislation, which could work as different “modules” of the same topic, i.e. public procurement rules and the EED.

7.4. Do you think that there is sufficient guidance/framework to know what is meant by "energy efficient products, services and buildings"?

No

See question 2.1, 2.2. and 2.3

7.5. While energy efficient products will be cheaper to operate, their initial cost might be higher and a longer period of time will be needed to "pay back" this higher cost. Is this a problem and if so, how can public authorities overcome it?

This is a problem. Since public authorities often work on the basis of annual budgets, public authorities tend to look at expenses during the current year, instead of life cycle costs spread over many years. Consideration may be given to whether annual energy savings could be accounted for as income in public budgets during the lifetime of the investment. Coordination between departments that are responsible for the procurement and the departments responsible for the operational costs, including energy bills should be increased. Another option could be the aggregation of public procurement of public authorities that demand a certain high efficient product or service in order to achieve better market pricing.

8. Article 7: Energy efficiency obligation schemes

8.1. Emerging evidence suggests that most of the measures introduced under Article 7 have long lifetimes (20-30 years) and will continue have an impact beyond 2020. Do you share this view?

Yes

The short-sighted sunset clause applied on Article 7 hinders this trend and should be lifted. This will help measures, which deliver longer lifetime savings but have higher upfront cost, such as building renovations to be further encouraged and financed. In any case, additionality of the measures selected should be ensured.

8.2. What is your view on the potential benefits (listed) of energy efficiency obligation schemes?

	Strongly agree	Agree	Disagree	Strongly disagree	No opinion

Lower energy bills for consumers	X				
Better awareness of energy efficiency potential by consumers	X				
Better relationship between energy suppliers, distributors and customers		X			
Lower energy generation (and transmission) costs for the utilities		X			
Improved business and administrative environment for up-coming innovative energy services	X				
Aggregation of small-scale investments (pooling/bundling)	X				
Development of new financing models – e.g. energy performance contracting	X				
Stimulation of energy efficient renovation of buildings	X				
Increased competitiveness in the energy markets	X				
Other					

EEOs are a proven tool for stimulating energy efficiency and help energy companies change their business model from only focusing on selling energy to providing energy services. In 2013, IEA, in its report [“Energy Provider - Delivered Energy Efficiency: A global stock taking based on case studies”](#) estimated that the annual spending on EEOs in the EU was 2.5 billion dollars. The 2012 ECEEE report [“Energy efficiency obligations – the EU experience”](#) also noted that well-designed EEOs can overcome many of the barriers to energy efficiency, which prevent the uptake of such measures, particularly by households and small organisations. A similar conclusion was reached by the ENSPOL project, which in its 2015 report [“Report on existing and planned EEOs in the EU – Part I: Evaluation of existing schemes”](#) acknowledged that the

existing EEOs have delivered in general very substantial improvements in energy efficiency within the Member States.

8.3. Are you aware of any developments in the energy services markets that have benefited particular actors (e.g. service providers, suppliers, distributors, etc.) in Member States having an obligation to define the obligated parties under the energy efficiency obligation scheme?

In Spain, there are legislative developments, through the IDAE funding programmes (see point 3.1) that are benefiting energy services providers. These are mostly the programmes that refer to the replacement of the public municipal lighting, the fostering of energy efficiency in SMEs and grand industries and the energy renovations of residential buildings and hotels. Furthermore, the Association of Energy Services Companies (ANESE) has developed a certification concerning the ESCOs that act in Spain in order to guarantee the quality of the services offered. This certification is due to the provisions of the Energy Efficiency Directive.

8.4. If you think that some requirements of Annex V need more precise guidance please list those requirements and specify briefly what further information you think would be useful.

The Annex V is a crucial element of the implementation of Article 7 and this should continue. Savings delivered under Article 7, should be a result of increased activity levels regarding energy efficiency measures (i.e. increasing energy renovation and product replacement rates and the provision of new infrastructure) and additional to what would happen anyway, under for example other EU legislation and the implementation of EU standards (i.e. Ecodesign, EPBD, CO2 standard for vehicles). Therefore, savings deriving from just complying with the EU minimum requirements are not enough to fulfil the requirements of Article 7. Further elaboration might be necessary to ensure clarity on how to count the savings that are beyond minimum requirements towards achieving the target set under Article 7, especially related to building codes.

8.5. As you might know, the current framework of Article 7 is set until 2020, linked to the energy efficiency target for 2020, which will expire at the end of 2020. In your view, should the Article 7 obligations continue beyond 2020 in view of the new energy efficiency target for 2030?

Yes

If yes, what factors should be considered for the future Article 7 (please select up to 5 options from the list, and explain your reply if possible):

- The amount of savings to be achieved should be set at a more ambitious level for post 2020 (exceeding the existing 1.5%)
- The energy efficiency obligations scheme should be kept as the only possible instrument to achieve the required savings

- The possibility to choose between the energy efficiency obligations scheme and/or alternative measures should be retained
- The possibility to exclude sales in transport from the baseline should be removed
- The possibility to exclude sales in transport from the baseline should be kept but restricted to the fixed amount to ensure the level playing field
- The exemptions under paragraph 2 – applying a lower calculation rate (for the first years), and excluding sales in ETS industries, as well as allowing savings from measures targeting energy generation and supply – should be removed altogether
- The exemptions under paragraph 2 should be retained but the level and number of exemptions should be reviewed
- The possibility for 'banking and borrowing' energy savings from different years should be removed (paragraph 7(c))
- The possibility for 'banking and borrowing' energy savings should be kept with a possibility to count savings towards the next obligation period (paragraph 7(c))
- Other (please specify)

The exemptions introduced during the legislative process should be removed. It is estimated that with the current provisions the average final energy savings delivered are only 0.8% instead of 1.5%. It must be ensured that at least 1.5% additional energy savings are delivered every year. The overall ambition of Article 7 must, at least, double in order to secure tapping into the cost-effective potentials across sectors.

It must be ensured that EEOs or alternative measures deliver new and additional savings. EEOs are the preferred option, but it must be recognised that the Member States that have chosen alternative measures have also dedicated a lot of resources in these measures.

Although paragraph 7(c) should be removed, the transfer of energy savings realised in one year to another year could be allowed in a controlled way to facilitate the planning and execution of policies and measures with a long-term perspective.

8.6. Do you think that the scope of eligible measures allowed under Article 7 should be clarified?

Yes

If yes, please explain your answer further:

- The scope of eligible measures should only be end-use energy savings (as it is at the moment)
- The scope of eligible measures should be expanded
- Other (Please specify)

The scope of eligible measures should be only end-use energy savings. However, the implementation of energy efficiency measures that deliver primary energy savings

(via Article 14 and 15) that count towards achieving the overall EU energy savings target should also be supported within the policy framework. Measures targeting energy generation and supply should be addressed on top of the end-use energy savings to deliver the overall level of cost-effective measures.

8.7. Would there be benefits in greater harmonisation of some of the requirements of Article 7 to allow more consistent implementation across Member States?

Provision of Article 7/Annex V	Strongly agree	Agree	Disagree	Strongly disagree	No opinion
Calculation methods	X				
Materiality	X				
Additionality	X				
Lifetimes	X				
Price demand elasticities ⁵ for taxation measures in real terms	X				
Indicative list of eligible energy saving measures	X				
Monitoring and verification procedures	X				
Reporting	X				
Other	X				

It will increase transparency and comparability, while helping create a level playing field among Member States.

8.8. What role should the EU play in assisting the Member States in the implementation of Article 7?

⁵ Price demand elasticity is a measure used in economics to show the responsiveness, or elasticity, of the quantity demanded of a good or service.

The Commission plays a key role in monitoring the progress of Member States' implementation and must ensure compliance, if necessary, through infringement procedures. Close monitoring by the Commission of the transposition and implementation of European law at the national level can also lead to the identification of barriers and challenges that could be best addressed through the provision of further guidance by the Commission. For the implementation of Article 7, the eligibility and the additionally of measures need to be ensured, while double counting must be avoided.

8.9. Please state which best practice examples could be promoted across the EU and how?

It is very early to evaluate good practices, as the implementation of the EED is ongoing in the member states and the results need some time to be assessed. Nevertheless, in the case of Spain for example, there have been some developments that look promising, as already mentioned earlier (see also 3.1 and 8.3):

- The management of the National Energy Efficiency Fund by a public based authority and the development of strategic funding programmes
- The certification of the energy services companies and the standardisation of procedures in order to guarantee high-quality result oriented interventions.
- The combination of public financial support for financing programmes (low or zero interest rate) can foster the market for energy efficiency and guarantee the sustainability of the funding in the future and beyond 2020.

The Coalition for Energy Savings is currently working on positive examples of energy efficiency policies in the context of the EED, which are going to be available soon.

8.10. Would it be appropriate and useful to design a system where some types of energy savings achieved in one Member State would count towards obligations carried out either by governments or by economic operators in another country, just as the option to cooperate on greenhouse gas emissions reductions already exists?

No. Energy efficiency investments can create national and local jobs and stimulate economic growth. Member States with the implementation of energy efficiency measures should continue focusing on domestic efforts to tap into the remaining energy savings potential, which is still significant.

8.11. Would it be appropriate and useful to design a system where energy efficiency obligations would also include elements aiming at gradually increasing the minimum share of renewable energy applicable to energy suppliers and distributors?

Europe needs to shift towards an energy system that is based on 100% environmentally sound renewable energy, and this is possible only if energy use is reduced significantly. Therefore, measures supporting renewable energy and energy savings should be complementary and mutually reinforcing. The focus of the Energy Efficiency Obligations should remain on end-use energy efficiency measures, also to

avoid further complexity. The implementation of renewable energy measures should be further supported by the revision of the RES-directive.

8.12. Could the option of establishing an EU wide 'white certificate' trading scheme be considered for post 2020?

- Strongly agree
- Agree
- Disagree
- Strongly disagree
- No opinion

Member States with the implementation of energy efficiency measures should continue focusing on domestic efforts to tap into the remaining energy savings potential, which is still significant. Therefore, there is no benefit in moving to an EU wide 'white certificate' trading scheme. Furthermore, an EU wide scheme after 2020 will probably need to take into account the different national circumstances. With national EEOs already being implemented, this will lead to unnecessary delays and add more complexity to the process, also requiring harmonisation of eligible energy savings. However, greater convergence between Member States plans under Article 7 would be useful in order to increase transparency and comparability and economies of scale. Further facilitation of knowledge and best practices sharing among Member States would help to this end.