

Consultation on the Review of Directive 2012/27/EU on Energy Efficiency



Introduction

This consultation is launched to collect views and suggestions from different stakeholders and citizens in view of the review of Directive 2012/27/EU on energy efficiency (Energy Efficiency Directive or EED), foreseen for the second half of 2016.

This review plays a prominent role as the Commission called on Member States to treat energy efficiency as an energy source in its own right in its Energy Union Strategy of 25 February 2015.¹

The European Council of October 2014 agreed on an EU objective of saving at least 27% of energy by 2030 compared to projections and requested the Commission to review the target by 2020 *“having in mind an EU level of 30%”*. The existing policy framework should therefore be updated to reflect the new EU energy efficiency target for 2030 and to align it with the overall 2030 Framework for Climate and Energy.

Energy efficiency policies have been put in place by the EU for some time now and they have delivered tangible results. The Energy Efficiency Directive, Energy Performance of Buildings Directive², Energy Labelling Directive³ and EcoDesign Directive⁴ are the key building blocks of the current energy efficiency framework. Many climate policies, such as the CO₂ performance standards for passenger cars and light commercial vehicles, also make a major contribution to improving energy efficiency. Thanks to these instruments, significant progress has been achieved by Member States in terms of energy savings over the past (five) years, contributing to the overall 2020 energy and climate policy objectives.

Public funding has played an important role by supporting the implementation of energy efficiency policies at national and regional level. There has been an increase in financing over the last years due to greater importance of these policies in the context of the overall EU decarbonisation agenda. The European Structural and Investments Funds (ESIF) and the European Fund for Strategic Investments (EFSI) are key to unlocking the needed private

¹ COM(2015) 80 final

² Directive(2010) 31

³ Directive(2010) 30

⁴ Directive(2009) 125

investments for energy efficiency. On the other hand, the effectiveness and impact of energy efficiency investment funding strongly depends (*inter alia*) on the implementation of the energy efficiency legislation, including the Energy Efficiency Directive.

Many measures taken by Member States today will, in fact, continue contributing to the energy efficiency targets and to the broader energy and climate policy framework beyond 2020. Since the Energy Efficiency Action Plan⁵ was adopted in 2011, the situation has greatly improved: primary energy consumption has continued to fall across the Union, with steady economic growth, and many Member States have successfully strengthened their national energy efficiency programmes.⁶

In line with the requirement of the EED (Article 3(2)), an assessment was carried out by the Commission in 2014 to review progress towards the EU 20% energy efficiency target for 2020, the findings of which were presented in the Energy Efficiency Communication, adopted on 23 July 2014.⁷ An updated analysis of how Member States are achieving the 20% 2020 target on energy efficiency will be published as part of the State of the Energy Union package in November 2015.

Given the recent implementation date of the EED, this consultation focuses on examining the following elements of Directive:

- **Article 1 (subject matter and scope) and Article 3 (energy efficiency target):** As required by the European Council of October 2014, which agreed the EU objective of saving at least 27% of energy by 2030 compared to projections and requested the Commission to review the target by 2020 “*having in mind [a level of savings of] 30%*”.
- **Article 6 (purchasing by public bodies of energy efficient buildings, goods and services):** As required by the reporting obligation under Article 24(8) to review the effectiveness of implementation of Article 6.
- **Article 7 (energy efficiency obligation schemes):** As required by the reporting obligation under Article 24(9) on the implementation of Article 7 and the need to address the obligation period that will expire after 2020.
- **Articles 9 – 11 (metering, billing information and cost of access to metering and billing information):** Consumer related aspects touched upon in these Articles are also addressed in the Internal Market Design/Delivering a New Deal for Energy Consumers initiative launched in parallel.
- **Article 20 (energy efficiency national fund, financing and technical support):** The European Fund for Strategic Investments (Junker Plan) raises the importance to address the market gaps for energy efficiency investments.

⁵ COM(2011) 109 final

⁶ SWD(2014) 0255 final

⁷ COM(2014) 520 final

- **Article 24 (reporting and monitoring and review of implementation):** Given the new governance system to be introduced under the Energy Union in view of 2030 framework, currently being prepared in parallel to this exercise.

The questions of this consultation on the above articles are formulated so as to respect the requirements of the recently adopted Better Regulation Package⁸ and to ensure that the results of this consultation are fed into two parallel processes: first, to assess whether relevant measures are efficient, effective, and coherent with the broader EU legislative framework, and second, to identify the most appropriate policy options to be considered for reviewing specific aspects of the EED as part of the impact assessment.

Against this background, questions of a general nature for the general public are included in Part I. A set of questions of a technical nature for a more expert public is included in Part II. Respondents are invited to reply within the two parts to all the questions they consider relevant.

Table of Contents

Section	
	Information about the respondent
Part I – General questions	
1.	Articles 1 and 3
2.	Article 6
3.	Article 7
4.	Articles 9 – 11
5.	Article 20
6.	Article 24
Part II – Technical questions	
7.	Article 6
8.	Article 7

⁸ Better Regulation Package (2015)

Information about the respondent

***Are you answering on behalf of an organisation or institution?**

- Yes, I am answering on behalf of an organisation or institution
- No, I am answering as an individual

***If you are answering as an individual, please enter your full name.**

[Free choice: max. 100 characters]

***If you are answering on behalf of an organisation or institution, please enter the full name of your organisation or institution:**

French Union of Electricity

***If you are answering on behalf of an organisation or institution, please enter your full name and position title:**

Aurélie BEAUVAIS
Head of EU and International Affairs

***Please enter your email address:**

aurelie.beauvais@ufe-electricite.fr

***If you are answering on behalf of an organisation or institution, please specify which category best describes your organisation or institution from the list below.**

- Central public authority
- Local public authority
- Private company
- Utility
- International organisation
- Workers organisation/association/trade union
- Non-governmental organisation (NGO)
- Industry/business association
- Other interest group organisation/association
- Consultancy
- University
- Think Tank/research institute
- Political party/organization

Other (please specify)

***Does your organisation or institution primarily deal with energy issues?**

Yes

No

***Please indicate your principal country or countries of residence or activity:**

Austria

Belgium

Bulgaria

Croatia

Cyprus

Czech Republic

Denmark

Estonia

Finland

France

Germany

Greece

Hungary

Ireland

Italy

Latvia

Lithuania

Luxembourg

Malta

Netherlands

Poland

Portugal

Romania

Slovakia

Slovenia

Spain

Sweden

United Kingdom

Other (please specify)

***How would you prefer your contribution to be published on the Commission website, if at all?**

Under the name indicated (I consent to publication of all information in my contribution and I declare that none of it is under copyright restrictions that prevent publication)

Anonymously (I consent to publication of all information in my contribution and I declare that none of it is under copyright restrictions that prevent publication)

Not at all – keep it confidential (my contribution will not be published, but it will be used internally within the Commission)

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?

[Free choice: max. 1000 characters]

(408)

It is crucial not to confuse objectives and means: the core objective of EU energy and climate policies is a 40% reduction of CO₂ emissions, below 1990 levels. Energy Efficiency is one of the means to achieve this objective, and should not be subject to a target uncorrelated from the CO₂ emission reduction objective. This aims to ensure consistency between the directives developed for the implementation of the 2030 climate and energy package, and the objectives set in the same 2030 package.

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?

[Free choice: max. 1000 characters]

(931)

- The setting of an ambitious and European-wide carbon signal is the best tool to enable a cost-efficient transition to a low carbon economy, while fostering the implementation of energy efficiency measures.
- Energy efficiency policies implemented in the sectors covered by the “Effort Sharing Decision” (transport, building) were not developed consistently with the European CO₂ emissions reduction objective, although these sectors constitute the main sources for energy savings and the reduction of fossil fuel energy consumption. Moreover, existing policies have been too focused on buildings, while the transport sector (especially road transport) is the first source of CO₂ emissions.
- It is fundamental to ensure the consistency of price signals, for all sectors, and in a harmonized way among Member States.

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

[Free choice: max. 1000 characters]

(1262)

- Before the adoption of the EED, several ambitious measures had been implemented at the national level, and especially the Energy Efficiency Certificates (CEE). These measures did not take into account the targets set in terms of CO₂ emission reduction, and were unable to drive investments towards the most cost-efficient energy efficiency actions.
- The adoption of the EED did not fill those gaps, and raised the constraint on the certificates by setting higher objectives for the actors of the sector, without triggering a significant increase of energy efficiency actions. Moreover, the CEE schemes did not lead to a significant development of the market for energy efficiency services (13Md€).
- Finally, the level of constraint imposed in article 7 of the directive does not provide MS with sufficient flexibility to achieve the energy efficiency target. Nearly 16 member states opted for the implementation of an energy saving obligation scheme. This mechanism was not subject to any feedback or assessment in the Member States where it was already implemented, which is essential to assess its efficiency in achieving of energy efficiency target.

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

[Free choice: max. 1000 characters]

(858)

- The EED was not developed in consistence with EU's CO₂ emissions reduction target. This objective is absent from the main dispositions of the directive.
- Consequently, the EED did not include measures for the reduction of CO₂ emissions, thus having negative impacts on the functioning and efficiency of the ETS mechanism.
- Moreover, the Energy Efficiency Directive does not drive investments towards the right tools that target the most relevant energy efficiency actions, based on cost-efficiency criteria. There are no incentives for Member States to choose the most cost-efficient solutions.
- Finally, Article 7 of the EED does not provide sufficient "freedom of means" for Member States, in the implementation of their energy efficiency policies.

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

[Free choice: max. 1000 characters]

(1020)

- The European Commission must rethink the EED according to two criteria: the CO₂ criterion, and the economical one.
- In the long-term and contrary to the current situation, the carbon price signal should be the main driver to trigger investments enabling a low-carbon transition, including investments in renewable energies and energy efficiency.
- In a context of capital scarcity, it is essential to prioritize energy efficiency measures, by targeting in the first place those where the investment can be paid off in a few years.
- Finally, the level of constraint imposed in article 7 of the directive does not provide MS with sufficient flexibility to achieve the energy efficiency target. This level of constraint can lead to the implementation of suboptimal policies. It is essential to provide more flexibility to the Member States, in the transposition of Article 7.

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

[Free choice: max. 1000 characters]

(556)

- The Energy Efficiency 2030 objective, as adopted by the European Council of October 2014, is indicative, at a European level. The review of the EED should therefore provide Member States with sufficient flexibility to set an appropriate level of constraint, and choose the tools to achieve it.
- The EU has an important role to play in coordinating and assessing the policies implemented by the Member States.
- The EU could help inform, raise awareness and education of consumers, on the most economically relevant energy efficiency actions to implement.
- Finally, the EU has a strong role to play in fostering the development and structuring of the energy efficiency sector.

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)

X Expressed as energy intensity

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)

The objectives related to energy consumption should be expressed in a way so as to foster not only the reduction of global energy consumption, but also an important reduction of the most carbon-emitting energies, particularly oil and coal.

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?

[Yes /No/No opinion; please explain your answer:]

In a context of capital scarcity, the obligations put on public authorities should also take into account the economic efficiency of implemented measures.

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

[Free choice: max. 1000 characters]

Public procurement procedures could be optimized, by taking into account a criterion of economic efficiency.

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

No Opinion

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?

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 States⁹, 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?

Yes.

Offering Energy Efficiency services is an inherent part of the Business model for Utilities, and particularly energy suppliers. In this context, the implementation of article 7 of the EED has been an additional tool to foster the development of these services.

In the frame of the National program setting energy policy orientations (POPE) adopted on July 13th, 2005, France has introduced energy savings certificates (CEE), through the law n°2005-781. This mechanism relies on an obligation to realize energy saving actions. This obligation is supported by energy suppliers (electricity, gas, heating and cooling, domestic fuels and now fuel for transport). Suppliers are therefore encouraged to actively promote energy efficiency towards their different

⁹ <http://ec.europa.eu/energy/en/topics/energy-efficiency-directive/obligation-schemes-and-alternative-measures>

customer segments: households, local collectivities, industrials. For the last ten years, energy suppliers in France have been strongly involved in the introduction and implementation of energy efficiency actions, along with professionals of the building sector, materials and equipment.

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

No

At the French level, many elements are questioning the relevance of Energy Savings Certificates:

- 1) The implementation of CEE did not lead to an increase in the volume of energy efficiency measures implemented;**
- 2) The price signal revealed by the CEE does not provide sufficient incentives** (it represents 4 to 5% of the costs of the total works).

The premium being too low with respect to investment costs (the cost of technologies remains too high, as a result of the lack of structuration of the sector). The costs incurred by energy suppliers to promote the actions of their clients that could be eligible for the CEE scheme are important. It is widely admitted in the profession that the costs (employees costs, communication charges, computing treatment and financial subsidies) reach an average of 3.5 to 4 € / MWh cumac, and represent a heavy constraint for energy suppliers.

- 1) Moreover, the Energy Savings Certificates seem to support the energy services sector in the first place.** Indeed, for energy suppliers, the main factor of choice for energy saving actions is not their economic return but the cost of access to these actions.
- 2) The complexity associated with the functioning of Energy Saving Certificates,** despite the efforts of simplification, remains prohibitive for the actors of the sector. Many of them disengage from the mechanism, and delegate part or all their obligations to third parties.

If the implementation of Energy Savings certificates did not trigger an increase in the volume of energy efficiency actions implemented, it has, to a certain extent, promoted a qualitative improvement of the measures implemented (in particular regarding boiler efficiency).

If yes, please explain your answer:

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)

X High administrative burden + other

100 Characters : The price signal revealed by the obligation scheme does not reflect the cost of energy efficiency measures.

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

Strongly disagree

UFE is firmly against imposing on energy suppliers an obligation to annually achieve energy savings corresponding to 1.5% of their sales (Art 6.1).

UFE considers that :

- **The principle of a unique, binding rate at a European level is disconnected from reality.** The initial level of energy efficiency varies considerably between Member States

- **The reduction stated (1.5%) is excessively high, and does not take into account the fact that demand trends are heavily influenced by growth** (the Commission has proposed to base this rate solely on figures from the previous year), or the potential for substitutability between energy sources.

A more pertinent economic approach might target reductions in energy intensity (energy consumption per unit of GNP output), obviously taking into account the initial existing differences between Member States.

UFE also rejects proposals to place the regulatory and financial burden of compliance with this obligation by consumers on energy suppliers.

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

[Yes /No/No opinion; please explain your answer:]

No:

The achievement of Energy efficiency actions by vulnerable consumers must be subject to an appropriate and specific mechanism, for many reasons:

- Vulnerable consumers are often hard to identify clearly
- These consumers are, for most, non-solvent : they do not have the financial capacities to contribute actively to the financing of the works realized in their housing

France has a certain amount of specific programs aiming to foster energy efficiency actions among vulnerable consumers: this is the case in particular for the programs “Habiter mieux”, or “Toits d’abord”.

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)?

[Yes /No/No opinion; please explain your answer:]

Yes

In France, the functionalities of smart meters have been subject to a wide debate between stakeholders, and have now been adopted by all. Smart meters will enable client billing through real consumption indexes.

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/No/No opinion; please explain your answer:]

Yes

The billing frequency must be assessed to answer appropriately to the customers' needs (indebtedness, etc.). Indeed, billing frequency can vary from a client to another. It will be important to define these elements when the clients' panel will be wide enough, with respect to the roll out initiated.

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

[Yes/No/No opinion; please explain your answer:]

No

The role of the EU is to set general principles for the roll out of smart meters. It is nevertheless important to provide Member States with sufficient flexibility to implement these principles at the national level, taking into account their specific constraints.

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

[Yes/No/No opinion; [please explain your answer:]

No opinion

In France, the roll out of smart meters is established through regulatory acts. The roll out has already been initiated, with the objective of achieving all installations by 2021. The impact in terms of energy savings will depend on the uses made of the meters: new supply offers, new services, etc.

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 Commission¹⁰ together provide a sufficient level of harmonisation at EU level?

[Yes/No/No opinion; please explain your answer:]

Yes

Today, the EED foresees the availability of day-to-day data. This framework is sufficient, as a first general normalization of smart meter's functionalities. It is nevertheless fundamental, that the functionalities can be debated between stakeholders of each Member State, to foster the efficiency and acceptability of smart meters (data protection, respect to privacy, etc.).

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

[Yes/No/No opinion; please explain your answer:]

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?

[Free choice: max. 1000 characters]

To satisfy public services requirements and tariff equalization, it is essential that the whole national territory is covered by the smart meter's rollout. In France, the roll out has just been initiated, there can be no relevant feedback at this stage regarding potential obstacles or constraints.

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

The analysis of the July 2014 Energy Efficiency Communication and the recent EEFIG Report¹¹ 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.

¹⁰ C(2012)1342

¹¹ EEFIG - Energy Efficiency Financial Institutions Group Report: Energy Efficiency – First fuel for the EU economy, 2015, www.eefig.eu

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?

[Free choice: max. 1000 characters]

(820)

We must promote a virtuous logic for energy efficiency financing, and open the door to alternative financing mechanisms, providing Member States with sufficient flexibility to implement their Energy Efficiency policies. Simultaneously, financing mechanism must drive investments towards the most cost-efficient energy savings deposits.

Among financing instruments that could foster investments, tax credits could be a more legible and accessible alternative. Mechanisms that facilitate the access to loans on favourable terms, or a European fund for energy retrofitting to ensure the targeting of the most cost-efficient actions, can also be considered.

More generally, an efficient energy efficiency policy must integrate efficient price signals, providing sufficient incentives to trigger investments on the most cost-efficient energy efficiency actions. A price signal on energy and a strong price signal on CO2 are indispensable tools for the success of EU's energy efficiency policy.

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

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) 100 characters

Other : Transport

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

[Agree \(more in policy paper\)](#)

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?

[No opinion](#)

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)¹² under Annex XIV (1)(a) of the EED should be simplified?

[No opinion](#)

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?

¹² In the year before last [year X(1) – 2], where "X" is the current year.

The economic efficiency of implemented measures could be integrated in the criteria used to assess Member State's policies. Where public funds are committed, a virtuous mechanism must allow an assessment of the performance of implemented actions, and establish a performance obligation.

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 /No/No opinion; please explain your answer:]

Yes

Nowadays, energy efficiency obligations mostly cover the national level. Yet, local and regional initiatives are more visible for the consumer and represent relevant scales for the implementation of public policies.

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]

The requirements of feasibility and economic relevance are essential in order to better reflect the criteria of Energy efficiency in the public procurement procedures.

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 /No/No opinion; please explain your answer:]

No opinion

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

[Yes /No/No opinion; please explain your answer:]

Yes. The existing framework sufficiently safeguards a minimum level of consistency in the implementation of measures between the Member States. It is essential to maintain a sufficient level of flexibility that would take into account the specificities of each Member State.

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?

[Free choice: max. 1000 characters]

In a context of scarcity of capital, it is of paramount importance to prioritize the measures adopted based on their economic efficiency, in order to focus on the energy efficiency products that have the shortest time for return of investment, considering the energy savings achieved.

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

Overall, energy efficiency measures will have a lifetime of about 20 years. Specific measures related to the building sector (insulation, collective heating) are likely to have an even longer impact.

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					

[Please explain your answer:]

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?

The introduction of energy saving certificates led to the development of structures aiming to address the obstacles and administrative burden of the scheme, but it has neither fostered the establishment of new services nor stimulated innovation. The main beneficiaries of the implementation of Energy Saving schemes in France have been the equipment sector.

Moreover, benefits for clients have not been as significant as expected.

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.

[Free choice: max. 1000 characters]

UFE deplores the lack of consistency of the calculation methodology set by annex 5 of the EED, with other regulatory components of the “Energy efficiency package” (Eco-design, eco-conception). Indeed, the current methodology does not take into account energy savings realized through the implementation of EU requirements on equipment. This is even more damaging considering that the implementation of Eco-design and eco-labelling directives reduces the potential for additional energy savings. This has therefore two main consequences: increased difficulties to reach the objective set by article 4 of the EED, and an increase of the costs of the remaining energy efficiency actions to be implemented.

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?

No.

It is essential to initiate a thorough work aiming to exploit important and accessible energy savings sources, in France and in the Member States. The Energy saving obligation scheme (CEE) has been one of the main leverages of energy efficiency policies, in France and in the 16 Member States that chose to implement this mechanism. However, no study could prove the additional effect of the mechanism and its contribution in achieving the energy efficiency target. It is therefore necessary to question the effective performance of this scheme, which costs are finally supported by consumers. The increase of the costs for consumers, residential, tertiary or industrials, puts at risk the competitiveness of companies, and reduces the power purchase of consumers.

The transport sector must be accompanied through specific programs, or alternative financing models, by prohibiting the fungibility between energy efficiency actions in the transport sector, and in the building sector.

Other mechanisms (loans with favourable terms, specific local programs targeting vulnerable consumers) should be implemented in the market, to empower all committed stakeholders (local collectivities, banks, retrofitting sector, energy suppliers,...) and reveal the green value of buildings. These mechanisms should rely on clearly defined objectives and on the prioritization of actions depending on their impact on the amount of cost and energy efficient actions implemented, keeping in mind not to further burden public debts.

The dispositions of article 7 could be reviewed in that light.

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)

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

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)

[Free choice: max. 1000 characters]

Yes, it should be expanded.

If the scope should be expanded, please specify which of the following possibilities would be appropriate:

- Measures to switch fossil fuel heating and cooling fully or partially to renewable energy (e.g. through individual appliances, district heating and cooling, centralised distributed units supplying larger building complexes or groups of buildings)
- Measures to increase efficiency of district network infrastructure and generation, including through thermal storage facilities
- Measures to make energy generation from small scale generation more efficient, below the ETS threshold
- Switch to self-consumption, auto-generation and energy positive buildings
- Participation in demand response, including from providing storage capacities
- Primary energy savings from the utilisation and recovery of waste heat (e.g. in district networks)
- Savings from energy management systems
- Energy savings from better organisation of activities
- Other (please specify)

The dispositions of article 7 should incorporate actions related to information campaigns and raising awareness among consumers. It could also integrate mechanisms aiming at accompanying the consumer in its energy efficiency approach.

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 ¹³ for taxation measures in real terms				X	
Indicative list of eligible energy saving measures				X	
Monitoring and verification procedures	X				
Reporting	X				
Other					

[Please explain your answer: max. 1000 characters]

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

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

As early as 1991, Sweden decided to implement a low-carbon strategy. CO2 emissions have been reduced of 16% between 1990 and 2011, and Sweden is today the OECD country with the best climatic performances.

While improving its climatic performance, Sweden's GDP has risen by 57% on the same period (1990-2012). The Swedish performance can be explained to a large extent by an energy consumption relying for only 39% on fossil fuels (against 67% for France and 79% for Germany). The Swedish case reveals that it is possible to reconcile fight against climate change, energy savings, and growth.

The success of the Swedish approach has also been fostered by ambitious transfers of uses (targeting in the first place the transport sector, first source in terms of energy savings and CO2 emission reduction), supported by an efficient tax policy and financing mechanisms.

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

¹³ Price demand elasticity is a measure used in economics to show the responsiveness, or elasticity, of the quantity demanded of a good or service.

country, just as the option to cooperate on greenhouse gas emissions reductions already exists?

The implementation of the EED at a European level is recent, and it is still too early to assess the efficiency of policies implemented within the Member States. It thus seems premature to invest this area.

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?

No

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

Strongly Disagree