

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

A EURELECTRIC Response

January 2016

EURELECTRIC is the voice of the electricity industry in Europe.

We speak for more than 3,500 companies in power generation, distribution, and supply.

We Stand For:

Carbon-neutral electricity by 2050

We have committed to making Europe's electricity cleaner. To deliver, we need to make use of **all low-carbon technologies**: more renewables, but also clean coal and gas, and nuclear. Efficient electric technologies in **transport and buildings**, combined with the development of smart grids and a major push in **energy efficiency** play a key role in reducing fossil fuel consumption and making our electricity more sustainable.

Competitive electricity for our customers

We support well-functioning, distortion-free **energy and carbon markets** as the best way to produce electricity and reduce emissions cost-efficiently. Integrated EU-wide electricity and gas markets are also crucial to offer our customers the **full benefits of liberalisation**: they ensure the best use of generation resources, improve **security of supply**, allow full EU-wide competition, and increase **customer choice**.

Continent-wide electricity through a coherent European approach

Europe's energy and climate challenges can only be solved by **European – or even global – policies**, not incoherent national measures. Such policies should complement, not contradict each other: coherent and integrated approaches reduce costs. This will encourage **effective investment** to ensure a sustainable and reliable electricity supply for Europe's businesses and consumers.

EURELECTRIC. Electricity for Europe.

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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

¹ COM(2015) 80 final

² Directive(2010) 31

³ Directive(2010) 30

⁴ Directive(2009) 125

European Fund for Strategic Investments (EFSI) are key to unlocking the needed private 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.

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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.**

-

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

EURELECTRIC

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

Henning Häder, Advisor for energy efficiency & electrification

***Please enter your email address:**

hhader@eurelectric.org

***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:**

- | | | |
|--------------------------------------|--|--------------------------------------|
| <input type="radio"/> Austria | <input checked="" type="radio"/> Belgium | <input type="radio"/> Bulgaria |
| <input type="radio"/> Croatia | <input type="radio"/> Cyprus | <input type="radio"/> Czech Republic |
| <input type="radio"/> Denmark | <input type="radio"/> Estonia | <input type="radio"/> Finland |
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| <input type="radio"/> Hungary | <input type="radio"/> Ireland | <input type="radio"/> Italy |
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| <input type="radio"/> Portugal | <input type="radio"/> Romania | <input type="radio"/> Slovakia |
| <input type="radio"/> Slovenia | <input type="radio"/> Spain | <input type="radio"/> Sweden |
| <input type="radio"/> United Kingdom | <input type="radio"/> Other (please specify) | |

The Union of the Electricity Industry - EURELECTRIC is the sector association which represents the common interests of the electricity industry at pan-European level, plus its affiliates and associates on several other continents. We currently have over 30 full members which represent the electricity industry in 32 European countries.

***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?

EURELECTRIC sees the EED as the essential piece of EU legislation for energy efficiency due to its multiple angles including metering & billing provisions, buildings, demand response etc. For the power sector however, the main importance of the EED lies in the obligation on Member States to save energy within the overarching goal to contain GHG emissions and other policy objectives and the necessary flexibility regarding how to achieve these savings. We recognise the fact that Article 7, with its supplier/distributor obligation schemes and alternative options, has been picked as the main instrument in the Directive to achieve the 2020 energy efficiency target.

Due to the relatively recent implementation of the Directive in most Member States it is often too early to give a final account on whether the choice of burden sharing has been successful in terms of target achievement and cost efficiency.

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?

As has been pointed out consistently in our communication on policy interaction, EURELECTRIC is a strong supporter of energy efficiency both on the demand and supply side, but we remain concerned about the policy overlaps created by the three target approach in the 2020 package and potentially the 2030 package. EURELECTRIC believes that the most cost-efficient way to decarbonise the European economy is through a strong European market based emissions trading scheme (ETS). Therefore, the goals and instruments selected to achieve our energy and climate goals need careful consideration based on their effect on enabling a market based transition to a low-carbon economy, including the power sector.

Evidence shows that policy overlaps in energy and climate policy have had negative impacts on the functioning of the ETS (e.g. by increasing the ETS allowance surplus⁹). It is therefore essential that these overlaps are recognised and evaluated properly before a decision can be made on how to extend or expand them.

A further point worth noting is the impact of the EED on the electrification of downstream sectors based on low-carbon electricity, which is an increasingly promising pathway to reach the energy and climate goals. Through its application of the primary energy factor of 2.5 (Annex IV), the EED is one of the pieces of legislation which undermine the much needed fuel switch in heating and cooling. EURELECTRIC's position on this matter is explained in related publications, calling for a review and the adoption of a forward looking primary energy factor.¹⁰

Another issue concerning energy efficiency and electrification is the lack of consistency at EU level between climate objectives and the fact that there is no CO₂ price signal applying to the heating market. Therefore, a large majority of emissions on the heating market are not covered by the ETS, or any harmonized internalization of CO₂ costs.

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

In Member States which have already had energy efficiency legislation for a long time the EED and national legislation have been mutually supportive, and the EED has helped scale up ambition. While a number of Member States explain that the implementation allowed for needed flexibility, others show that the flaws of the national policy approaches were extended with the EED.

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

As pointed out in the reply to question 1.2, a key lesson from the EED implementation has been the impact of overlapping policy tools and their effect on the main European market instrument to decarbonise (ETS). It is essential to address this problem in the review of the EED.

A second item to consider relates to the technological / sectoral focus brought about by the EED and the obligation schemes. When looking towards the post-2020 framework, EURELECTRIC calls on the Commission to evaluate how well such obligation schemes perform against other policy tools when it comes to advancing and delivering specific technologies in different EU Member States.

⁹ According to the institute for climate economics (I4CE) the EED has contributed to an EUA surplus of 500 MtCO₂e until 2020 which could have been avoided (based on European Commission data).

¹⁰ http://www.eurelectric.org/media/184566/pef_note_2015_final-2015-030-0373-01-e.pdf

Additionally, it has become apparent that the flexibility element (allowing alternative measures) under Article 7 has played a very positive role in allowing Member States to identify and tackle national challenges in the efficiency context.

Further, there are vital lessons to be learned from the individual cases of implementation in different Member States, even though this is still ongoing in a number of countries. One example is that EED tools such as obligation schemes have been implemented in conjunction with other (often social) policy tools (e.g. on energy/fuel poverty). This has, in some cases, led to very complicated and bureaucratic processes, which undermine the overall effectiveness of the policy and its cost-effectiveness. EURELECTRIC remains convinced that social policy and obligation schemes should not be mixed in this context. Moreover, in many cases the implemented measures have failed to direct investments towards the most cost efficient actions.

In other cases, the obligation scheme has been replaced by an obligated payment imposed on the supplier companies, which do not have the possibility of redeeming energy efficiency measures to achieve their targets. An interesting example however is the inclusion of all energies, including liquid fuels to the obligation scheme in the case of Spain.

A further insight reported from some Member States included unrealistic planning for energy audits. Mandatory audits within very short timeframes have caused market disturbances on the auditing service market and raised actor's costs and lowered the quality of audits. As a further point, uncertain timescales (dependent on the voluntary actions of third parties) and the "lumpiness" of audited savings delivery from large scale projects have shown to increase the compliance burden for smaller suppliers.

Finally, lessons have also been learnt on the interpretation of the Directive by the Commission. Short timeframes and changing interpretations have caused confusion and high administrative burden at the national level. In Member States which submitted to Troika intervention during the economic crisis, public budgetary constraints have significantly affected the implementation of efficiency measures in the public sector.

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

We believe that a crucial factor in the review analysis must be the effectiveness in terms of cost and CO₂/energy reduction in order to find the most cost-effective approach. This must, on the one hand, translate into an ambitious signal that efficiency is taken seriously, and on the other hand, lead to a realistic calculation where costs and benefits begin to diverge from each other.¹¹ EU policy should therefore work in a balanced and "cost-effective" way, throughout the overall energy chain: generation, transmission, distribution and consumption. Transparency in the calculations and analysis process will be essential in order to achieve a buy-in from all relevant stakeholders, especially when the Commission's proposals go beyond the cost-efficiency levels in the impact assessment.

¹¹ E.g. academic life-cycle calculations often miss investors' expectations in real life.

Part of this calculation should also be the multiple benefits which energy efficiency, fuel switching and decarbonisation of the buildings & transport sector can bring about. Factors such as air quality, flexibility, customer engagement etc. need to be considered in order to allow for a long term strategy to be properly defined. Furthermore, the non-economic barriers to energy efficiency need to be estimated more clearly in the review of the Directive as they pose a major challenge to get more investment in the sector.

When it comes to the question of how the target should be addressed, EURELECTRIC believes the technically correct option would be an energy intensity target, as this would reflect the true improvements in efficiency: increasing the output based on the same input and decoupling consumption from growth. Energy intensity takes into account that energy consumption is reduced in times of economic downturn, and, conversely, that a successful effort to retain and attract new production will lead to increased economic activity and increased energy regionally. However, we recognise that for the sake of measurability and flexibility the option of primary and final energy will be the most realistic option for the 2030 framework. EURELECTRIC will provide more background information on this issue in a separate document.

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

The European Union should maintain its position as a coordinator and evaluator of the agreed ambitions, through proper exchange of best practises, policy tool coordination as well as robust monitoring and governance. The EU can serve well as a platform where strategic decisions can be made, rather than where specific technological pathways are decided. Leaving the necessary flexibility to Member States / regions is therefore important. This makes the EU a perfect platform to share best practices and benchmarking. We also call for the EU to take a role as a promoter for a strong EU efficiency industry in terms of products, appliances and services. The EU could potentially also be more involved in information campaigns to raise general awareness on energy efficiency and to change public opinion on this matter.

Furthermore, in the context of ambitions for the post-2020 framework, we subscribe to the European Council's position to set an indicative efficiency target, which allows Member States to remain flexible in reaching the ambitious 40% greenhouse gas emissions reduction target for 2030 in a cost-effective manner across the full energy chain.

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?

While most Member States report that policy frameworks have been in place, in some cases the markets are progressing but only slowly. This is often due to high contractual and administrative burden, as well as high transaction costs in the case of small projects, which lower the interest of energy efficiency service providers.

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

[Free choice: max. 1000 characters]

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

[Yes /No/No opinion; please explain.]

Generally, the impressions are positive. Several Member States report that definitions are included in legislation issued by the relevant governments, but problems often remain in the service contractualisation.

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?

EURELECTRIC has received positive feedback from a few countries on this. A few examples include:

-) In Poland, the National Fund for Environmental Protection and Water Management (NFEP&WM) has carried out actions which raised popular awareness of renewable energy sources by conducting a programme called "Ecological education". In addition, on the websites of financial institutions and the Ministry, information on financing and energy efficiency is presented.
-) In Portugal, the National Energy Agency has carried out workshops in this field.
-) In France, a broad information campaign has been conducted by ADEME in 2015 with the aim of raising awareness on energy efficiency measures for households and available financing instruments. A national slogan has been adopted: "Energy is our future, let's save it!"
-) The fact that other members have not been able to refer to specific information campaigns should be a sign that more could be done.

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

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 States¹², 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?

As EURELECTRIC members are energy suppliers and distributors, they are naturally in the focus of obligation schemes where they have been implemented. Energy efficiency products and services have been part of utility business models for several years – obligation schemes have often accelerated this process.

Examples of measures carried out under obligation schemes include:

-) Denmark: The EED is implemented as an EEO on energy distributors with significant impact on the Danish 2020 target. The EEO contributes with a reduction on end use with 12.2 PJ/year first year savings corresponding to approximately 3 pct. of the end use consumption excluding the transportation sector. The EEO accounts of 100 pct. of Article 7(2) savings even though alternative measures also have been implemented to support the target. It has proven efficient, with fixed savings target to secure that energy savings are being achieved. Furthermore the system provides good possibilities of evaluation and reporting of savings. In relations to article 7 it is concluded in an evaluation by Deloitte in Denmark that the overall EEO is a well-functioning instrument to achieve end-use savings and that it generates a socioeconomic surplus of 1,3 EUR cent/kWh for each invested DKK (0,13 EUR). Nevertheless large increases in the Danish savings target, introduced in the period of 2012-2020, have caused an increase in cost of complying with the savings target.
-) UK: Energy suppliers have been delivering energy efficiency obligations for the last two decades, the latest programme being the Energy Companies Obligation (ECO). Around 11 million households (c. 42%) in GB have received one or more major insulation or heating measure from an energy supplier since the Energy Efficiency Commitment (EEC) was introduced in 2002.

¹² <http://ec.europa.eu/energy/en/topics/energy-efficiency-directive/obligation-schemes-and-alternative-measures>

- J UK: Supplier obligations have contributed significantly to improving the existing housing stock in the UK with DECC predicting that 26.7% (or 28 TWh) of the expected energy savings contributed by the household sector by 2020 will be a result of measures delivered under supplier obligations¹³.
- J UK: The Energy Company Obligation (ECO) was introduced in January 2013. The first phase of the ECO ran from 2013 to March 2015. The second phase of the ECO started in April 2015 and will finish in March 2017. Provisional figures show there were 1,591,822 measures installed under ECO up to the end of September 2015. The figures also show that the majority of such measures were for cavity wall insulation (38%), loft insulation (26%) and boiler upgrades (21%). Overall, 1,300,232 properties benefitted from one or more ECO measures being installed up to the end of September 2015.¹⁴
- J Norway: In addition to energy efficiency measures based on market signals, Norway uses a model with a state owned body – Enova – providing grants for energy efficiency measures in most sectors (from 2015 this also included the transport sector). Enova disposes €300 million annually for energy efficiency measures and support to development and implementation of climate technologies.
- J France: France introduced an Energy Efficiency Certificate scheme. This scheme relies on an obligation to implement energy efficiency actions, imposed on energy providers. Energy providers are encouraged to promote actively energy efficiency towards their clients: households, industrial, etc. In the last ten years, energy providers have been actively involved alongside professionals from the building sector, materials, and equipment.
- J Italy: Italy has introduced a White Certificates scheme in 2004. The scheme sets obligations for electricity and gas distributors (with more than 50.000 final clients) on primary energy consumptions reduction. Parties eligible to submit projects for accruing white certificates have been expanded over the years: distributors, companies operating in the energy services sector (ESCOs) etc. Over the years, the system has been consolidated and improved giving a positive impulse to the implementation of energy efficiency measures and pushing the realization of even more structural actions. However, additional measures and tools are still needed to improve the system in order to achieve the energy efficiency targets.
- J Spain: Article 7 provisions on obligation schemes are delivered through the creation of a system of obligations on suppliers of electricity, gas, GLP and liquid fuels, introduced in 2014. This obligation is delivered through contributions to an Energy Efficiency National Fund managed by IDAE or through the presentation of negotiable certificates after implementing concrete actions (the certification system not yet in place to date).

It should also be noted that in Member States which have not implemented a saving obligation system – such as Germany – an ever growing market for energy efficiency has developed that covers the growing demand of customers for such services.

¹³ DECC 2014a UK National Energy Efficiency Action Plan - https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/307993/uk_national_energy_efficiency_action_plan.pdf

¹⁴ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/477288/Headline_Release_-_GD_ECO_in_GB_19_Nov_Final.pdf

Finally, cases exist where a member state has notified the Commission of an obligation scheme as the only instrument to achieve the required energy savings while using a different policy tool to achieve its targets. This is the case in Bulgaria, where the Ministry of Regional Development and Public Works has undertaken a large-scale renovation of panel buildings with 100% financing from the state budget.

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

Overall reactions are mixed, tending to positive.

If yes, please explain your answer:

EURELECTRIC believes that Article 7 is an adequate tool for improving energy efficiency across the EU as it increases Member State ambitions for energy efficiency policy goals, while allowing the crucial element of flexibility needed to make it a successful policy in the vastly diverging environments. Member States have identified and tackled their national challenges with the help of the EED. We therefore strongly recommend the continuation of allowing alternative measures in the upcoming EED review.

Obligation schemes introduced through Article 7 are seen more critical by European utilities. It has become apparent that in several Member States, energy efficiency obligation schemes have held back the market as the supply chain has come to rely on subsidies rather than developing ways to sell energy efficiency measures. The under-development of the able-to pay sector can be seen as a consequence of the obligation. Also, obligation schemes are financially regressive when they are funded on the bill instead of general taxation. In many small national markets they efficiency of the scheme is reduced and important barriers to scale up with cross border mechanisms exist (multiplicity of approaches make regional harmonization in view of pan-European schemes hard to implement).

EURELECTRIC is a strong supporter of 'freeing up the bill' to allow more customer involvement, cost transparency and new market and financing models.

National implementation has furthermore shown that a 1.5% level of energy savings is barely possible to achieve for some Member States in the future due to a limited variety of given acceptable measures and calculation rules. There is a need for wider flexibility for Member States to achieve savings.

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

EURELECTRIC believes the required yearly energy saving percentage should reflect the needed ambition in order to achieve both the 2020, and respective 2030, energy efficiency goals. That being said, many of our members report that rules about calculations and acceptable measures make it hard to reach the target for each year and is perceived as too high. This is also due to the fact that suppliers are dependent on the voluntary actions of customers to reach it. Based on the experiences from those Member States in which the Directive has been implemented, it appears that the target should be reviewed and set at a more realistic level.

On a related basis, while EURELECTRIC acknowledges the intention of the end-use savings target, the application of a 1.5% binding energy end-use savings target beyond 2020 could

become an obstacle to achieving a carbon neutral energy system in undermining its electrification via low-carbon and carbon neutral electricity. EURELECTRIC therefore asks the Commission to take this into consideration in the context of the review.

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

As stated in our answer to 1.4 EURELECTRIC does not believe that efficiency obligation schemes should be mixed with social policy.

EURELECTRIC urges the Commission to make a clear distinction between vulnerable customers and customers suffering from “energy poverty”. While there is some overlap between the two terms, they are not interchangeable and they require different solutions. Being vulnerable (e.g. disabled, senior citizen) does not automatically mean that the person is suffering from fuel poverty.

In most cases where customers have energy debts, they are likely to struggle to pay for other essential services too (e.g. rent, water, food, etc.). In our view, wider social policy is therefore the best way to help consumers tackle the root causes of debt, including energy debt.

While we agree that energy efficiency financing schemes can be a long-term effective solution for tackling energy poverty (as those customers do not have the financial resources upfront to make such investments), we believe that support granted to people suffering from poverty should come from the general income of the State, i.e. through general taxation to avoid levying energy bills.

Energy efficiency obligations schemes, on the other hand, are financially regressive. The corresponding costs are distributed among customers regardless of their ability to pay and they inevitably create winners (those who receive measures) and losers (those who cannot or do not receive measures). We believe that it is time for an open, honest and sensible debate on how governments seek to fund and deliver policies to combat energy poverty and to promote energy efficiency. We must transition to using more progressive sources of funding (other than levies on energy bills), which take account of the customer’s ability to pay. More focus should be given to removing existing barriers to energy efficiency policies and to incentivising those who are able to pay (and will materially benefit from doing so), to undertake energy efficiency improvements. Measures such as regulatory tools on the housing sector, or financial incentives including tax exemptions should be considered.

4. Articles 9-11: Metering, billing information and cost of access to metering and billing information (Answer to be drafted by retail unit & discussed/approved in WG EE)

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, the existing provisions are sufficient.

The energy bill is an important tool for communication between companies and customers. EU legislation (Directive 2009/72/EC and indeed Directive 2012/27/EU) already contains many provisions on the information to feature in energy bills, which is often supplemented by a number of legal provisions at national level.

EURELECTRIC recalls that one of main conclusions of the European Commission Working Group report on E-billing and personal energy data management (2013)¹⁵ was that bill design should not be dictated by regulation, as this runs counter to the objective of a competitive market in which retailers are able to tailor their offers and communication towards individual customer needs and preferences.

We also think that it is important to keep in mind that providing customers with ever more information is not necessarily the best way to empower them. In many countries, customers complain that there is too much information on their bills, which makes the bills unclear and difficult to read. Customers should be able to decide the level of information they want to receive from their suppliers.

New communication technologies are progressively changing the way energy suppliers and ESCOs interact with their customers. In the near future, paper bills may no longer be the most common way to provide information to customers. Apps on mobile devices, in-home displays or individual feedback services on the internet or telephone are already playing a greater role in monitoring or optimising customers' energy consumption¹⁶. As such, regulation should not hamper or prejudice these developments. The regulation should set a goal, not the means of how to achieve it.

Finally, while we fully agree that consumers should be given every opportunity to better control their energy consumption (thus reducing their environmental impact and lowering their energy bills), we also think that the regulatory framework should strike a fine balance between stability and flexibility. Changing their billing system is a very costly process for suppliers and this must also be taken into account.

¹⁵ https://ec.europa.eu/energy/sites/ener/files/documents/20131219-e-billing_energy_data.pdf

¹⁶ See EURELECTRIC's new webpage on Innovation which displays a number of products and services developed by suppliers to give more personalised information and advice to customers on their energy consumption: <http://www.eurelectric.org/innovation/>

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 - it is crucial to ensure a balance between costs and benefits. The detailed methodology of cost benefit analysis (CBA) should be left to the member countries.

With respect to frequent billing, we think that undue cost socialization should be avoided to not burden customers who may not be interested in receiving a considerable and frequent amount of information. Therefore, prevalence should be given to the completion of smart meters roll-out in all Member States and developing more individually tailored information services (going beyond information that can be already provided by smart meters) to the actors operating in the energy market, such as energy suppliers and ESCOs.

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

No we do not think they should be harmonised: Member states are very diverse in terms of climate, saving potential, quality of housing stock (age, technology etc.). Furthermore, practices and stakeholders responsibilities differ widely from country to country. If anything, scope for harmonisation may be in relation to technology standardisation and in the interoperability of the devices.

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

If a cost benefit analysis (CBA) is undertaken and concludes that the costs outweigh the benefits, this might indeed have an impact on consumer empowerment but for good reasons. That said, one should keep in mind that should a CBA be negative, (i) this will not necessarily prevent consumers from realising energy savings via other means (e.g. energy audits), (ii) consumers should have the option to get a smart meter (or other smart appliances) should e.g. a country-wide SM roll-out be excluded, (iii) other innovative solutions may well be developed soon and empower consumers differently.

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 Commission¹⁷ together provide a sufficient level of harmonisation at EU level?

The EED specifications are sufficiently precise to define a measuring and billing system that meets the requirements for transparent information to customers. We also believe that keeping some flexibility for Member States is important to allow them to take into account national requirements in the implementation.

Basic smart meter functionalities should be standardised at a minimum level to satisfy needs from customer and market players. Smart meter infrastructure does not need to – or, in many cases, simply cannot – be standardised due to important technical differences across Member States. From a European perspective, however, it would be important to get to a point where smart meters across Europe have a minimum agreed common set of functionalities. These would include basic concepts like: connect/disconnect remote operations, provide readings to the consumer, support advanced tariff systems etc. As roll-out programmes are underway in many countries, impact assessments might have to be carried out to fully evaluate the adoption of common standards in this field.

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?

As regards smart meter rollout of electricity, a technology rollout of this magnitude must always be accompanied with timely and proper information campaigns for customers in order to achieve their buy-in. This relates especially to the benefits customers can expect from the new technology.

Furthermore, despite the common acceptance of the benefits of smart meters in some countries, particularly those that face large tariff deficits and/or challenging economic conditions, national regulatory authorities recognise the value of smart meters but are reluctant to approve the necessary investments for fear of potential negative tariff impacts (even if temporary). In these cases, the availability of EU funding may help create the conditions for a smart meter rollout.

Industry actors face the typical challenges associated with the mass rollout of new technologies, such as immature supply chain, technological risk, need for internal adjustments and, in some cases, issues with customer acceptance (relating to data privacy or remote disconnection due to failure of payment). A clear regulatory mandate, with a well-defined and realistic timeline will help overcoming most of these challenges. It is also

¹⁷ C(2012)1342

important to guarantee regulatory conditions that make the investment attractive (return/risk) for the entities that actually have to finance it (in most countries DSOs).

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

The analysis of the July 2014 Energy Efficiency Communication and the recent EEFIG Report¹⁸ 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?

As shown in our policy paper on 'triggering energy efficiency investments'¹⁹ from September 2015, EURELECTRIC sees a number of ways in which the gap in (especially private) energy efficiency investments can be closed. We believe that it is crucial for the Commission to acknowledge that energy suppliers are central players in unlocking this potential. New business models have allowed the further development of close customer relations. Power providers are changing their role and provide innovative services and solutions beyond just energy as a commodity, and the related expansion of know-how has brought new technologies into the market.

Due to their proximity to customers, energy suppliers can also act as information providers or, through innovative financing models; they can also play a role in the financial execution of energy efficiency projects. Furthermore, when discussing the financing of measures, the power sector urges the Commission to promote those mechanisms, which do not need socialisation of the costs. In some EU Member States, energy savings obligations have led to increased investments in energy efficiency, however the costs for projects under such schemes has been socialised, usually via the electricity bill. This has had negative impacts on the affordability and transparency of electricity costs and in some cases also created biased incentives in terms of choice between energy carriers. Finally, in many cases financing mechanism did not drive investment towards the most cost-efficient energy efficiency actions.

¹⁸ EEFIG - Energy Efficiency Financial Institutions Group Report: Energy Efficiency – First fuel for the EU economy, 2015, www.eefig.eu

¹⁹ http://www.eurelectric.org/media/189329/eurelectric_note_ee_investments-2015-030-0427-01-e.pdf

With this in mind, EURELECTRIC proposes to look into tools which overcome market failures without relying on command and control measures, such as:

-) More market uptake for Energy Performance Contracts (EPC), Efficiency Services Agreements (ESA) and contracting schemes
-) Financing instruments combined with information campaigns
-) Standardised processes in public financing to lower the burden for those who are interested in investing, including lower contractual burden
-) Sharing lessons learnt from on-bill-repayment to overcome its weaknesses and better utilise its potential.
-) Measures which reduce the counterpart risk for investments

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

EURELECTRIC does not recommend this. It should be up to the Member States to decide, since the cost/benefit will depend on local, regional and national circumstances. It is essential to invest in efficiency measures which reduce the use of fossil fuels (reduce CO₂-emissions) and at the same time improve energy efficiency – switching to low carbon electricity will contribute in most sectors to increase energy efficiency, for example in buildings.

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

Many existing energy efficiency programmes focus on the household level, the effect of single measures is generally small, while the transaction cost are high. For this reason it also is not advisable to install monitoring of energy efficiency at the measure level. It would only increase the transaction cost of energy efficiency measures, while a clear goal should be to bring them down. It should also be stressed that in many Member States energy paupers suffer from huge tax and levies embodied in the electricity end price. Generally speaking, electricity taxes and levies are regressive and, as a consequence, should be collected as part of the general progressive taxation if energy poverty is to be alleviated

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?

Generally, EURELECTRIC believes that the National Energy Efficiency Action Plans (NEEAPs) have been very useful in monitoring and reporting.

If no, how do you think it could be improved in the future?

[Free choice: max. 1000 characters]

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)²⁰ under Annex XIV (1)(a)) of the EED should be simplified?

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?

²⁰ In the year before last [year X(1) – 2], where "X" is the current year.

EURELECTRIC invites the Commission to explore the option to integrate 'cost-efficiency and CO2 efficiency of implemented measures' as a criterion to evaluate policies carried out by the Member States.

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, regional and local levels are often more visible to the consumer than measures implemented at the national level. Today the scope of energy efficiency obligations is mainly national.

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?

EURELECTRIC sees a benefit in this, taking into account that all sustainability parameters are closely related.

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:]

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?

As explained in our paper on energy efficiency financing²¹, long payback times for efficiency investments do pose a barrier, among other factors. Better access to financing schemes and better use of more innovative financing models, as explained in our answer to question 5.1, can be of great effect in this area. The financial/insurance system should be ready to propose ad hoc financial instruments for energy efficiency programmes and should provide, at pre-defined conditions, credit insurance, insuring energy service providers against risks connected to the implementation of a medium-long term activity at the customer's premises. Contractual burdens also form a serious obstacle in this field.

In addition, performance contracting offerings for the public sector can help to overcome the hurdle of high initial investments for high-efficiency products. In order to achieve this, appropriate arrangements need to be adapted or introduced in public procurement legislation, as well as further improvement of information on this instrument among decision-makers.

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?

In general, energy efficiency measures have lifetimes of around 20 years, rarely longer. This is the expected lifetime of efficient equipment such as heat pumps or high efficiency boilers. House insulation measures will remain effective for longer, while evidence suggests that educational and behavioural measures do not hold up for a very long time. It is also important to recognise that without shorter lifetime measures, such as information to consumers, long lifetime measures cannot be realised. All kind of measures are therefore needed.

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

²¹ http://www.eurelectric.org/media/189329/eurelectric_note_ee_investments-2015-030-0427-01-e.pdf

	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					

Experiences in Member States with established obligation schemes are mixed. While most countries with obligation schemes report that this policy option has not led to lower energy consumer bills, some claimed that the EEO did lead to lowering consumer bills compared to business as usual. Those who report no lowering explain this through the fact that in general only a small group receive measures, while all consumers have seen their bills increase. At

the same time it has improved awareness only to those customers who have received measures.

In terms of customer relations, it has been observed that obligations have only helped improve the relationship with the customer if the measure was delivered. Finally, an energy efficiency obligation has not improved the business and administrative environment for upcoming innovative energy services given that it has led to an energy efficiency industry which is dependent on subsidies.

Regarding competitiveness in the energy markets most EURELECTRIC members report that obligation schemes have not helped to increase competitiveness. It has however not explicitly been identified as an obstacle to competitiveness.

Finally, based on the experiences in several countries, it has become apparent that alternative measures, even if they can bring about equal or more benefits to reach the targets, are only seen as a second best option. The review of the EED should therefore allow for these measures to find more recognition based on the positive experiences where they have been implemented.

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 the UK, the Energy Company Obligation seems to have primarily benefited the installation industry. The fact that smallest suppliers have been exempted mean that the obligation does not constitute a barrier to market entry.

The EEO in Denmark has developed the market for companies working with implementation of energy efficiency measures. Small enterprises, larger engineering companies as well as equipment installers and producers benefit from the obligation scheme as well as the costumers using the EEO.

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 power sector believes the focus should rather be on simplification. Too detailed and complex guidance has undermined the effectiveness and increased the administrative burden of the policy.

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?

Looking at Member States obligations beyond 2020, we believe that some critical issues will have to be addressed. EURELECTRIC shares the Commission's views that electricity will play a very important role as a carbon-neutral energy carrier in the future due to its unique role for integration of renewables, smart consumer engagement and wider environmental benefits such as air quality improvements.

The electrification of heating, cooling and of transport and the related distributed storage will have a strong impact on how our society will consume electricity and will skew normal energy demand profiles. We are confident that, through the full exploitation of smart networks and metering, the positive benefits will be optimised for the good of the energy customer as well as the climate.'

It is important that all relevant actors including customers, banks, construction, energy sector etc. can fulfil their potential and realise their opportunities. Any policy on energy efficiency beyond 2020 must rely on clear, pre-defined objectives, and on a prioritisation of energy efficiency actions relative to their cost and efficiency.

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)

Increased flexibility for Member States to achieve savings. One option for such measures could be a 'bank and borrow' option, allowing obligated parties when overachieving targets in one period to borrow from this in the next obligation period.

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

EURELECTRIC sees benefits in clarifying and extending the scope to allow for more flexibility.

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)

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:
 -) Measures which ensure the proper coordination of renewables, ESD, ETS, EPBD and the EED.
 -) Work on the offer of innovative financing mechanism for EE actions.

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 ²² for taxation measures in real terms			x		
Indicative list of eligible energy saving measures		x			
Monitoring and verification procedures		x			
Reporting		X			
Other					

EURELECTRIC is generally convinced that in the field of energy efficiency, flexibility is a key asset. Allowing Member States to address their individual challenges is important. Therefore, exchanges on best practices are very useful, but forced harmonisation is not advised. Moreover, the main goal of climate and energy policies is the decarbonisation of the European economy.

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

As stated above, the implementation experiences from Article 7 are very mixed due to a large number of reasons. In many cases, it is also too early to tell how successfully the Article has been implemented. As Member States continue to gather experiences, the role of the EU must be that of a platform on which EU countries can exchange and learn from successes and failures, sharing their best practices.

²² Price demand elasticity is a measure used in economics to show the responsiveness, or elasticity, of the quantity demanded of a good or service.

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

There are several ways in which best practice examples can be shared. Ideas proposed by the power sector include using Member State reports as a database, publishing the best ideas and the organisation of workshops in the relevant sectors. A lot of exchange on energy saving obligation schemes has been organized in the past by the EC (workshops, studies etc.). Such good practice sharing could also be useful for alternative instruments.

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?

As long as there is no comparable energy saving unit that can be traded, Member States could only transfer their savings bilaterally. To be able to do so, Member States would have to agree on methodologies and procedures to determine the savings mutually, which seems unlikely in the near future. Therefore we do not believe this to be a cost-effective pathway but rather unrealistic and overly complicated compared to the EU ETS. Any such approach should be investigated and analysed with regards to economic impact, as well as impact on administration, and transparency.

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?

EURELECTRIC does not support this proposal. On the one hand, this would take away from the flexibility and technology neutrality and cost-effectiveness which is needed to implement obligation schemes, and on the other hand, it makes them further complicated and increases administrative burden, which has shown to be one of the major challenges in the existing schemes.

Furthermore, we believe that while RES are an integral part of the solution, RES promotion is not a goal of the Energy Efficiency Directive. Doing so would potentially increase the existing policy overlap between energy and climate policy with negative impacts on cost-efficiency.

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

The effectiveness of obligation schemes is dependent on their design. EURELECTRIC believes that an EU-wide scheme would imply increasing the complexity of a policy framework which needs to be made simpler and flexible. Furthermore, to establish a working EU-wide white certificate scheme, a binding energy efficiency target would be needed. An EU-wide scheme would require agreement on issues such as calculation methodology, denominator etc. EURELECTRIC is a strong supporter of the EU ETS, which compared to an EU-wide white certificate trading scheme is much simpler.

EURELECTRIC pursues in all its activities the application of the following sustainable development values:

Economic Development

▶ Growth, added-value, efficiency

Environmental Leadership

▶ Commitment, innovation, pro-activeness

Social Responsibility

▶ Transparency, ethics, accountability



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