

European Commission legislative proposal to amend the Energy Efficiency Directive

A EURELECTRIC position paper

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KEY MESSAGES

-) Unlocking the market potential for energy efficiency in the EU is of critical importance to enable a strong, sustainable and competitive economy. As a key actor in this field, the electricity sector is committed to develop and deliver economic efficiency and energy services for European customers. Measures to enhance energy efficiency make most sense in the non-ETS sectors and the Energy Efficiency Directive (EED) is a key pillar to achieve this.
-) The EED has been largely successful because it allows Member States to address their national challenges and pursue tailored strategies. Member States must retain full flexibility as to how they set and meet energy efficiency targets, as is the case now.
-) Flexibility must also be maintained in Article 7 of the Directive. As Member States struggle to meet the annual savings targets in a cost-efficient manner, a prolongation of the binding target (provided it is agreed), must not go hand in hand with less tools to meet it.
-) While the electricity sector is decarbonising under an ever decreasing ETS-cap, the sectors with enormous potential for energy efficiency improvements with real impact on climate, energy security and competitiveness lie outside of the ETS (such as buildings and transport). Achieving deep decarbonisation and efficiency through electrification provides a powerful pathway for these sectors. EURELECTRIC calls on policymakers to strongly recognise the role of electro-mobility and highly efficient electric technologies, such as heat pumps, to unlock greenhouse gas reductions. This recognition must also feature in the Energy Union Governance framework and should go hand in hand with the relevant financing tools.
-) EURELECTRIC welcomes the attempt by the Commission to review the Primary Energy Factor (PEF). While the proposed new factor of 2.0 is a step in the right direction, it still incentivises electricity savings over direct fossil savings to meet the targets. As the electricity sector continues to add large amounts of renewable generation, an increased coupling of electricity with the transport and heating sectors could greatly help to reduce RES curtailment.
-) The electricity sector reiterates its call for proper recognition and management of the impact of EU energy efficiency policy on the EU ETS. EURELECTRIC is concerned by the Commission Impact Assessment's estimated 2030 price levels for ETS allowances under the increased ambition scenarios, which decrease significantly with higher target levels. This would weaken the ETS instrument right after its current reform.
-) In the discussion on a potential increase of the EU energy efficiency target EURELECTRIC's primary concerns are ensuring sufficient flexibility in setting and achieving the target as well as the proper management of the inherent impact on EU climate policy. In this context, EURELECTRIC is not convinced of the economic or environmental advantages of an increased energy efficiency target. The power sector further calls for the continuation of an indicative target, as currently successfully implemented.