

## **Revision of the Energy Efficiency Directive**

### ***Informal EURELECTRIC input on the Council position (General Approach)***

#### **Building on the success by maintaining flexibility**

The Energy Efficiency Directive (EED) has been largely successful because it allows Member States to address their national challenges and pursue tailored strategies. Member States should retain full flexibility (Art. 3 & 7) as to how they set and meet energy efficiency targets, as is the case now. As Member States struggle to meet the annual savings targets in a cost-efficient manner, a prolongation of the binding target to 2030 must not go hand in hand with fewer tools to meet it. A savings target beyond 2030 should not be decided at this stage.

This this regard, we welcome the Council's proposal to maintain the necessary flexibilities and to not increase the savings target. Further, we support the recognition of alternative measures as equivalent to obligation schemes.

#### **A cost-efficient target & recognition of its impact on climate policy tools**

In the discussion on a potential increase of the EU energy efficiency target EURELECTRIC's primary concerns are cost-efficiency for member states, as well as the proper management of the inevitable impact on EU climate policy such a target increase would entail. In this context, EURELECTRIC is not convinced of the economic or environmental advantages of an increased energy efficiency target. We further call for the continuation of an indicative target, as currently successfully implemented.

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 (for an increase from 27% to 30%, a 26% price drop for EUA allowances is expected). This would weaken the ETS instrument right after its current reform. Further, it has not been assessed by how much the ETS Market Stability Reserve would be able to buffer this overlap.

#### **Recognising the changing electricity mix & remove barriers to efficient electrification**

The Primary Energy Factor (PEF) in annex IV of the EED plays a key role in setting out which energy carrier and technologies we want to use in our homes going forward – renewable & low carbon electricity or fossil fuels. Getting the PEF right is crucial to enable a cost-efficient decarbonisation of the European economy. The 2.0 PEF proposed by the Commission is a step in the right direction but does not do enough to avoid a fossil fuel lock-in effect – especially in the non-ETS sectors, risking to hinder the EU's decarbonisation agenda and to prolong the EU's energy import dependence on fossil fuels.

We believe that the revised PEF must take more into account the quickly increasing share of low carbon electricity in the EU's power generation mix, so we strongly advocate applying a factor lower than 1 to non-combustible RES sources. This corresponds to methodology 2 in the Fraunhofer Study prepared for the Commission. The 1,6 factor we propose is the corresponding value given in the Study (page 5).