

Orgalim position on a proposal for revising the Energy Efficiency Directive

Introduction

Orgalim, representing Europe's technology industries, welcomes a new proposal for the Energy Efficiency Directive ([COM \(2021\) 558](#)), published by the European Commission on 14 July 2021.

Energy efficiency is an essential prerequisite for the success of the energy transition and the achievement of climate targets – both nationally and internationally. There is considerable potential for energy savings in electricity and heat generation as well as in the main economic sectors contributing to energy demand – industry, transport and buildings.

Orgalim position on the key issues

➤ The 'energy efficiency first' principle (Article 3)

We welcome the legal introduction of the 'energy efficiency first' principle and support clarification on its application. We support the statement that energy efficiency solutions must be considered by Member States in all policy and investment decisions in energy systems and non-energy sectors. The most sustainable and cheapest energy is energy which is not consumed. Nonetheless, the amount of energy needed is projected to increase in the foreseeable future. Direct, green electrification will play a key role in decreasing overall fossil fuels-based primary energy demand in the areas where electrification makes sense technologically and economically. Efficiency improvements through direct electrification should therefore be promoted throughout Europe if renewable energy is available. Where electrification is not possible, renewable gases and fuels (such as green hydrogen), based on renewable electricity, should be promoted accordingly.

➤ Energy efficiency targets (Article 4)

Orgalim supports the Commission's proposal to reduce final energy consumption in the European Union by 36% (787 Mtoe) and primary energy consumption by 39% (1,023 Mtoe) by 2030. More ambitious targets will have more positive impacts on economic growth, employment, competitiveness, and security of supply.

➤ Exemplary role of public bodies' buildings (Article 6)

We applaud strengthened provisions on the renovation of buildings owned by public bodies which are now extended to local and regional government buildings and include healthcare, education and social housing. The public sector can set an example for wider society in adopting energy saving measures. However, we recommend extending Article 6 to all

public and private tertiary buildings: both public and private tertiary buildings can contribute to achieving the 60% emission reduction in the buildings sector as frontrunners. Article 6 should set out two options to achieve the set targets to reduce final energy consumption in the building sector; either through a renovation rate or a target for the reduction of final energy consumption by setting future milestones.

➤ Energy savings obligation (Article 8)

We particularly support more ambitious annual energy savings obligations (1.5%) applicable from 2024 onwards to achieve more ambitious energy savings goals. This is one of the main policy instruments to ensure that the European economy is more energy efficient. It helps to drive active energy savings in buildings, industry and transport and therefore contributes to the overall EU target.

However, the provisions in Article 8, paragraph 8, point (c), which would remove the ability of Member States to include in the calculations of their energy savings obligation any savings achieved by increasing the efficiency of their electricity networks, should be fixed, as this contradicts the application of the 'energy efficiency first' principle.

➤ Energy efficiency obligation schemes (Article 9)

We welcome the inclusion of transmission system operators as obligated parties. Transmission and distribution system operators should be allowed to take into account energy savings resulting from the activation of demand-side flexibility.

➤ Energy management systems and energy audits (Article 11)

Orgalim welcomes the changed approach to energy audits and energy management systems – the introduction of which will be based on the energy consumption levels in enterprises instead of the types of the companies. Nevertheless, we regret that the Commission's proposal does not include an obligation for Member States to devise financial incentives for companies to implement measures identified in the energy audits. Any new audit provisions should be actionable on the basis of existing schemes for energy and environmental management systems and audits.

➤ Heating and cooling supply (Article 24)

We are concerned about the proposed changes which would end the building of new multifuel boilers combusting biomass together with waste-based fuels and industrial residues. Furthermore, the increase or introduction of new waste-based fuels and/or industrial residues in existing bio-boilers upon refurbishment would become impossible.

➤ Energy transformation, transmission and distribution (Article 25)

We welcome the application of the 'energy efficiency first' principle in all electricity and gas network planning, network development and investment decisions. This measure is pragmatic and supports the introduction of innovative grid technology solutions as efficiency improvements constitute a driver for investments.

We also believe the new obligation for network operators to map and report energy losses to the national energy regulator will help to better identify where to act to improve network efficiency.

Finally, the inclusion of a specific section on the progress achieved in energy efficiency improvements regarding the operation of electricity infrastructure in the report drawn up by National Regulatory Authorities (NRAs) pursuant to Article 59(l) of Directive (EU) 2019/944 is a positive addition. Indeed, this obligation strengthens the NRAs report's relevance, which does not only include the monitoring and assessment of the development of a smart grid initially foreseen in the Electricity Directive ((EU) 2019/944) but now also considers energy efficiency improvements. Given that the legislation requests Member States to establish a limited set of indicators for monitoring and assessing smart grids progress, we advise to expand the indicators to include energy efficiency.

➤ Conversion factors and primary energy factors (Article 29)

Primary Energy Factor (PEF) is an important tool that facilitates comparisons of savings across energy carriers. A new approach that is dynamic and based on evidence should be considered. A low factor applied to energy produced by renewables will highlight their efficiency. We welcome the revision of PEF every four years to consider progress in technology.

Orgalim represents Europe's technology industries, comprised of 770,000 innovative companies spanning the mechanical engineering, electrical engineering, electronics, ICT and metal technology branches. Together they represent the EU's largest manufacturing sector, generating annual turnover of over €2,076 billion, manufacturing one-third of all European exports and providing 11.33 million direct jobs. Orgalim is registered under the European Union Transparency Register – ID number: 20210641335-88.

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