

**Brussels, 29 January 2016**

## **Orgalime Response on the consultation on the Review of Directive 2012/27/EU on Energy Efficiency**

### **GENERAL ORGALIME MESSAGES:**

- We congratulate the Commission on its success in the framework of the COP21 Paris agreement and now hope to see the outcome of this agreement reflected in the Commission's ongoing work, including on the review of the Energy Efficiency Directive.
- Overall, the EED in our view represents an important instrument for stimulating energy efficiency improvements in the EU and should therefore be used to its full potential. Notwithstanding the rather early state of play of implementation, the review of the Energy Efficiency Directive, in our view, offers the opportunity to truly implement the "Energy Efficiency First" principle of Energy Union throughout all market segments and the successful COP21 outcome, which we support. The review should reinstall the level of ambition needed to come on track for the 2050 objectives in this area and to complete the current gaps in the fields of buildings, transport, industry and energy, including renewables and smart infrastructures. Treating energy efficiency as a resource in its own right, representing the value of energy saved, will be a fundamental step in this context so as to allow energy efficiency and demand side response to compete on equal terms with generation capacity and a stricter target for 2030 to be implemented through tapping energy system savings potentials.
- Orgalime believes in coupling the three no regrets options of "Energy Efficiency, Renewable Energy Sources (RES) and Smart Distribution Grids" and a European manufacturing agenda as one of the motors of innovative future jobs and growth in Europe and European global technology leadership.
- While therefore welcoming the ongoing consultation, we are nevertheless disappointed that it is limited to a selected number of legal articles of the EED. Developing a consistent future energy system with energy efficiency, RES and smart distribution grids at the core, no doubt requires a holistic, comprehensive assessment of the entire system rather than a partial approach. A consistent approach would require looking beyond the given consultation focus (on articles 1, 6, 7, 9-11, 20, 24) to also include articles 3, 4, 5, 8, 12 and 15 so as to allow for such a comprehensive assessment.
- The consultation particularly misses out on key areas, notably articles 12 and 15, for a successful future EED within the Commission's headline priority of a resilient, forward looking climate and energy policy and the announced new Deal for Consumers and new Market Design. Optimising the use of energy generation, transmission and distribution infrastructures especially through demand response is essential.
- Since the energy efficiency potential of standalone appliances is reaching its technical limit, the issue is tapping system savings beyond the appliance level throughout the market segments and especially in the key sectors of energy, transport, buildings, industry, renewable energy sources and smart infrastructures.

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*Orgalime, the European Engineering Industries Association, speaks for 42 trade federations representing the mechanical, electrical, electronic, metalworking & metal articles industries of 24 European countries. The industry employs some 10.3 million people in the EU and in 2014 accounted for more than €1,800 billion of annual output. The industry accounts for over a quarter of manufacturing output and a third of the manufactured exports of the European Union.*

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[www.orgalime.org](http://www.orgalime.org)

- We believe that the future energy market design requires a holistic approach, which includes all levels of the energy value chain, starting with giving special attention to demand efficiency, all sources of flexibility at the generation level, and closing the current regulatory and innovation gap at distribution level. The new market should be much more market driven and competitive, where price peaks function as investment signals rewarding flexible, clean and “fast delivery” technology solutions.

We support an evolution of the Energy Efficiency Directive to close current gaps at end use, distribution and smart grid level and an evolution of the Energy Performance of Buildings Directive towards “connected buildings” to carry forward the energy efficiency successes of the existing Ecodesign Directive to systems levels.

The existing barrier of inappropriate criteria of the TEN-E Regulation for smart grids projects should also be removed.

- *Regarding article 1*, the subject matter and scope of the EED should properly reflect the Energy Efficiency First principle, and proposal of treating energy efficiency as a resource in its own right in particular.  
*Article 3* should set a more ambitious target. Orgalime suggests opting for a relative energy savings target, which is a combination of energy intensity and absolute energy savings.
- *Regarding article 6*, we advocate for a combined assessment with articles 4 and 5. Public purchasing criteria should move from initial purchase price to the life cycle costing principle. Accounting rules should be screened and adapted to ensure effective public procurement. Today, it is not possible to finance capital investments by savings on operational expenses, which represents a barrier to energy efficiency investments. Finally, it needs to be clear that “Public bodies” does not only refer to central governments, but also regions, cities etc. to increase the effectiveness of the EED.
- *Regarding article 7*, we welcome the overall concept of the initial 1.5% target and the flexibility given to Member States to opt for alternative measures for its implementation. At the same time, we note that there is a huge diversity of measures taken by Member States, which may impact the possibility to assess results stemming from this provision. While we support a certain level of flexibility for Member States, more convergence could, in our view, help the development of European technology leadership.
- *Regarding article 8*, energy audits are an important first step. However, do not automatically translate into concrete results. Also, more clarity about the definition of “large companies” in the Commission guidance document would be beneficial, since it remains interpreted differently across Member States today.
- *Regarding articles 9-11*, Orgalime advocates for technology neutrality. Smart meters are one means to empower the consumer and enable him to better manage his/her energy consumption, while additional technology solutions exist, including for use in countries that decided against the roll out of smart meters. Standardisation could in our view be a good route for better harmonisation of minimum functionalities of smart meters.  
The availability of billing information has in our view improved, including on the history of own consumption. Further improvements would be possible, such as by giving consumers a benchmark to allow them to compare their own consumption with that of others and thereby trigger action.
- *Regarding articles 12 and 15*, we encourage the Commission to undertake an assessment if these provisions are indeed delivering.

## 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.<sup>1</sup>

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 Directive<sup>2</sup>, Energy Labelling Directive<sup>3</sup> and Ecodesign Directive<sup>4</sup> are the key building blocks of the current energy efficiency framework. Many climate policies, such as the CO<sub>2</sub> 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 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 Plan<sup>5</sup> 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.<sup>6</sup>

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.<sup>7</sup> 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%*”.

<sup>1</sup> COM(2015) 80 final

<sup>2</sup> Directive(2010) 31

<sup>3</sup> Directive(2010) 30

<sup>4</sup> Directive(2009) 125

<sup>5</sup> COM(2011) 109 final

<sup>6</sup> SWD(2014) 0255 final

<sup>7</sup> COM(2014) 520 final

- **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.
- **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 Package<sup>8</sup> 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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<sup>8</sup> 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:**

ORGALIME –The European Engineering Industries Association

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

Sigrid Linher, Energy and Environment Manager

**\*Please enter your email address:**

sigrid.linher@orgalime.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:**

- Austria       Belgium       Bulgaria

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| <input type="radio"/> United Kingdom | <input type="radio"/> 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)



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## 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?

Articles 7 and 8 are key provisions of the EED in the light of contributing to achieving the 2020 energy efficiency target. A strict target is a strong driver and should be further reinforced. The energy audit of article 8 is an important first step, however, does not automatically translate into concrete results.

Also, clarity about the definition of “large companies”, which today remains interpreted differently across Member States despite the COM guidance document, would be beneficial.

Articles 4-6 could be strong drivers given the energy efficiency potentials in the buildings sector, however, this would require a much more ambitious transposition and implementation. Also, more action regarding non-residential buildings would be required.

#### 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?

- End use energy efficiency, decentralized renewable energy sources and smart electrical distribution grids are three no regret options which need to be deployed together giving energy users an active role in managing their energy demand, supply and storage to fully optimize the related costs and environmental impacts.
- We believe the overall energy efficiency framework (Ecodesign, Energy Labelling, EPBD, EED) is consistent as long as it looks more closely as the overall system efficiency (in light of the three no regret options already mentioned) and avoids spot measures. The review of the Energy Efficiency Directive should help to coordinate better the energy efficiency approach at EU level.
- The decarbonisation framework at EU level should be built on both energy efficiency and decarbonisation objectives so as to create more opportunities for the value chain and fulfil global commitment on CO2 reduction. The Emission Trading Scheme and the Energy Efficiency Directive are two essential pieces of the EU puzzle.
- We notice a lack of coherence with the TEN-E criteria for Projects of Common Interests for Smart Grids, which also negatively impact the success of the EED and our sectors investments into energy efficient products and systems.
- There are also some inconsistencies between the Ecodesign Directive, EPBD and EED.

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

Potential issues coming from conflicts with national rules are often due to the general framework in place and not to the EED specifically. For example, issues about tax incentives potentially being put into question by EED rules are linked to the state aid framework for energy efficiency. What we see more largely is rather a lack of harmonised rules/practices in place at local level to define a proper market conditions across Europe (for example, a lack of skills definition, unclear definition of energy contracting or no pan-European certification scheme for auditors).

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

- The EED is a good and useful instrument, however it is often not appropriately followed up at national level with timely and sufficiently ambitious transpositions or proper market surveillance and enforcement activities. This undermines companies' energy efficiency investments.
- Flexibility for Member States is desirable; this should however not result in too wide disparities and fragmentation that hinder an assessment of the concrete results.
- One particular strength of the EED lies in its approach of combining energy use aspects and operational aspects. The roadmap of article 4 EED, if well implemented, is a strong requirement. In contrast to that, the EPBD looks at the building design "only" and today particularly falls short on the aspect of energy operation. The EPBD should move towards "connected buildings" ("Internet of Things") and related energy management and services.
- Despite the multiple benefits of energy efficiency, financing remains a hurdle. Accounting rules (the obligation to separate CAPEX and OPEX) hinder energy efficiency investments. Public procurement criteria remain widely determined by the initial product purchase price rather than life cycle costs.
- Overall, the level of ambition of the existing Energy Efficiency Directive (EED) remains rather low and in addition, Europe still faces the risk of missing its 2020 energy efficiency objectives. The EED Review should, in our view, be the occasion to reinstall the level of ambition needed to come on track for 2050 and to complete the gaps in the fields of buildings, transport and industry, but also renewable energy sources and smart infrastructures. In the light of the Paris Agreement, we consider this fundamental.

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

- Energy efficiency potentials of standalone appliances are reaching their limits – tapping system savings, especially in the areas of buildings, transport, industry and energy, should be the focus.
- Existing technological solutions can make a significant contribution to increasing energy efficiency throughout the different market segments provided that they are used broadly.
- *Regarding article 7*, we welcome the overall concept of the initial 1.5% target and flexibility given to Member States to opt for alternative measures for its implementation. At the same time, we note a somewhat huge diversity of different measures taken by member States, which may impact the possibility to assess results stemming from this provision. While supporting a certain level of flexibility for Member States, more convergence could in our view help the development of European technology leadership.
- The more action is taken now, the easier and less costly it will be to live up to already made commitments and further ones.



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

- Act as the Guardian of the Treaty and pursue a strict implementation and enforcement policy, including through infringement procedures.
- Facilitate and encourage energy efficiency investments through support measures.
- A stricter target for 2030 should be established and implemented through tapping energy system savings potentials. In light of COP21 agreement and the recent statement by Commission officials on the need to adjust the 27% energy savings objective in order to reflect its real potential, the 2030 target should be levelled up to at least 30%.

## 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):

Orgalime suggests opting for an energy relative savings target, which is a combination of energy intensity and absolute energy savings. The energy relative savings target should be based on a reference scenario (so-called "business as usual"). The target should indicate a quantity of energy to be saved according to a reference scenario, but can be adapted to economic fluctuations, especially if the economic situation significantly differs from the projections. The overall energy efficiency target could be reflected in specific energy consumption targets for some sectors, such as the building, industry and transport sectors.

Defining the target in relation to economic output indicators, especially GDP, follows an approach taken by other important regions in the world, for example Japan and China, and therefore also bears an additional competitiveness factor. Contrary to an absolute energy savings target, the relative target would not result in putting a ceiling for the EU industry, but also for the whole economy, and therefore not undermine the long term EU strategy for sustainable growth and jobs.

## 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): Expressed as energy, regardless of its source, whereby energy efficiency accounts as an energy source in its own right within the energy mix.

## 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?**

Energy efficiency requirements at the appliance level are appropriate, and deployment of existing energy efficient products will be widely sufficient to achieve the needed impact of energy savings. Tapping system savings potentials throughout the different market segments, including the buildings, the transport, industry and energy sectors is the challenge.

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

Public purchasing criteria should move from initial purchase price to the life cycle costing principle. Accounting rules should be screened and adapted to ensure effective public procurement. Today, it is usually not possible to finance capital investments by savings on operational expenses, which represents a barrier to energy efficiency investments.

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

- For products, yes, sufficient guidance is available (the energy label is a credible and successful tool).
- For buildings, yes (the EPBD certificate has generally improved awareness of energy efficiency of buildings, notwithstanding improvement potentials).

**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?**

No.

**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 States<sup>9</sup>, 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?**

In France, energy suppliers' obligations as well as a white certificate scheme have already been in place since several years. This has triggered a very significant amount of energy efficiency investment (€ 25 billion according to the French Ministry for the Environment). The transposition of the EED has doubled the level of savings required for the next coming years.

**3.2. In your view, is Article 7 (energy efficiency obligation scheme or alternative measures) an effective instrument to achieve final energy savings? [Please explain your answer:]**

The wide disparity of alternative measures in the different Member States has an impact on getting a clear overview and assessment of whether final energy savings have been indeed realised. In general, article 7 is a strong instrument and also the concept of granting Member States some level of flexibility.

When the energy market is opened to competition, it is always the consumers who make the decisions on energy efficiency. The role of energy retailers is to offer consumers not only energy, but also services, such as the utilisation of demand side flexibilities, energy storage or small scale production. The obligation scheme is then not necessarily the best means to achieve final energy savings, such as in comparison to alternative measures, notably voluntary sectoral energy efficiency agreements.

**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

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

- 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 (please specify): For the period up to 2020, we agree that the current 1.5% level is adequate. Beyond 2020, however, the target has to be revisited to align it with the EU's international and regional commitments.

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

No. Energy efficiency will leverage energy costs and therefore help vulnerable consumers.

## **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)?**

The availability of billing information has in our view improved to some extent, however not sufficiently. The information requirements in Article 9 are too general and improvements would be needed, such as:

- The quality and timeliness of information provided directly from the smart meter to the final consumer has to be improved.
- The consumer needs near real time information through an in-home interface. “Near real time” or at least updates every 15 minutes. The possibility to compare the consumption from the last day/month/year... is also very important to have better in results in term of energy efficiency.
- Giving consumers a benchmark to allow them to compare their own consumption with that of others and thereby trigger action.
- The information on consumption should be provided using open standards.

**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?**

No. The criterion of “technically feasible” seems redundant, since smart metering systems are being rolled out worldwide. The technology is available, adaptable to various geographic and building conditions.

“Cost effectiveness” needs to be more clearly defined. It should not depend on the amount of energy/money an individual consumer can save, but rather the benefits it brings to the whole system as well as the cost of **not** implementing the technology. Smart metering may not appear cost-effective if only the savings of individual consumers are taken into account, but may be very cost effective if the entire network and energy supply system are examined.

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

Yes.

Despite good recommendations and research done by the JRC and others on conducting cost benefit analyses (CBAs) on smart metering, the Commission’s smart metering benchmarking report of 2014 shows that the assumptions and variables used in the CBAs are non-comparable across the EU. Harmonised conditions would make it easier to compare the conditions in the various Member States and make it easier to formulate policies.

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

The availability of real time consumption data would truly empower consumers.

As stated in the answer to 4.2, the criterion of “technically feasible” is no longer an issue. If there were harmonised criteria for “cost effectiveness” across the EU, all European citizens could benefit from the technology.

**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 Commission<sup>10</sup> together provide a sufficient level of harmonisation at EU level?**

In principle, yes. Standardisation could further improve the situation.

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

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

<sup>10</sup> C(2012)1342

**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?**

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

The analysis of the July 2014 Energy Efficiency Communication and the recent EEFIG Report<sup>11</sup> 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?**

We recommend a mix of instruments, both national and EU, including EFSI, Horizon 2020, up to tax rebates or white certificates.

**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) Smart distribution grids and RES, sustainable transport and transport infrastructures

<sup>11</sup> EEFIG - Energy Efficiency Financial Institutions Group Report: Energy Efficiency – First fuel for the EU economy, 2015, [www.eefig.eu](http://www.eefig.eu)

**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

## **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?**

Yes.

**If yes, why is it a useful tool?**

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

**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)<sup>12</sup> 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?**

Yes, additional indicators could improve monitoring; for example, the annual energy efficiency investments made (in the public and private sector) in M€ possibly split by sectors.

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

## 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.

Member States should mandate municipalities and other public bodies to adopt integrated and sustainable energy efficiency plans with clear objectives, to involve citizens in their development and implementation and to adequately inform them about their content and progress in achieving objectives.

**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

**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, this could be useful.

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

Yes, for products and buildings.

No, for services.

**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?**

All externalities of energy use should be considered and monetised when making cost-benefit analyses and pay back calculations; this is specifically the case for CO<sub>2</sub> and a significant price, which is predictable and grows over time is needed; an obligation to use a value to CO<sub>2</sub> would improve today's situation.



## 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?

No opinion.

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					
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In general, the energy efficiency obligation scheme has proven to be an effective way in addressing a diffuse market and it sets a clear target.

White certificates or equivalent schemes are a good complement to ESO. Getting more buy-in from obliged parties would require revenue decoupling and possibly financial incentives.

However, for other member states energy efficiency obligation schemes do not suit the national energy landscape and require alternative measures to reach the same target efficiently. We support the general concept of article 7 having both options.

**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?**

Where implemented, energy efficiency obligation schemes do not seem to sufficiently target the building and industry sectors and specifically SMEs.

**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]*

**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?**

Yes, it should continue and it should take into account that if the current 1.5% savings per year is adequate up to 2020, it needs to be increased in view of the 2030 perspective. It should continue both policy options of implementing energy efficiency obligation schemes and alternative measures in order to reach the future target.

**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 EU should be more prescriptive so that energy suppliers / or alternatively energy service companies can deliver measures with direct impact on energy savings and should include:

- Give a premium to technologies/services with a multiplier effect (for example, energy efficiency + renewable energy integration) so to encourage best practices' deployment.
- Encourage systematic data measurement and collection so as to better harmonise practices at European level.

Alternative measures should be only eligible if proven direct impact on energy efficiency improvement so to avoid double counting and lack of effectiveness.

- 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?**

Yes.

**If yes, please explain your answer further:**

The scope of eligible measures should be clarified at European level and should be extended in so far as this has an impact on the reduction in demand.

- 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:**

Give a premium to technologies/services with multiplier effect (for example, energy efficiency + renewable energy integration) so to encourage best practices deployment, such as:

- Switch to self-consumption, auto-generation and energy positive buildings
  - Participation in demand response, including from providing storage capacities
  - Savings from energy management systems
  - Energy savings from better organization of activities
- 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)

**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 <sup>13</sup> for taxation measures in real terms					x
Indicative list of eligible energy saving measures	x				
Monitoring and verification procedures	x				
Reporting		x			
Other					

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

The EU should foster the exchange of best practices with regards to implementing alternative measures: Which alternative measures are effective and how should the measures be designed and implemented?

<sup>13</sup> 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?**

We support the setting of learning networks, such as energy efficiency networks. The facilitated exchange of experience offers companies the chance to network, share best practices and obtain information from qualified energy consultants. For example, existing networks in Germany demonstrate that companies save 50% more energy when participating in such networks.

For example, Orgalime's German member organisation VDMA therefore is a signatory member of initiative of the German government "Initiative Energieeffizienznetzwerke". Together with other German industry associations VDMA has pledged to support the introduction of 500 energy efficiency networks until 2020. To this end, VDMA has launched a new project and will offer own networks to its member companies.

**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?**

*[Free choice: max. 1000 characters]*

**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?**

Give a premium to technologies/services with multiplier effect (for example, energy efficiency + renewable energy integration) so to encourage best practices deployment such as:

- Switch to self-consumption, auto-generation and energy positive buildings
- Participation in demand response, including from providing storage capacities
- Savings from energy management systems
- Energy savings from better organization of activities

**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

This depends on whether energy efficiency obligation scheme is implemented or not. White certificate schemes make sense with energy efficiency obligation schemes. The choice should be left up to Member States.

*For further information, please contact:*

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