

Brussels, 25 November 2011

COMMENTS AND RECOMMENDATIONS ON DRAFT REPORT OF RAPPORTEUR CLAUDE TURMES ON THE PROPOSAL FOR AN ENERGY EFFICIENCY DIRECTIVE

In view of the further proceedings in the European Parliament, Orgalime submits its initial comments and proposals on the draft report of Rapporteur, Mr. Claude Turmes, regarding the Commission proposal for an Energy Efficiency Directive with its request for your support.

Energy efficiency is a key issue for European engineering industries, which play a strategic role in the European economy. Orgalime industries are major energy consumers, but also technology solutions providers improving energy efficiency and addressing the challenges that the climate change, sustainable consumption and production and energy security agenda pose. **Orgalime industries are fully committed to continuously improving the energy use in their own processes, to placing on the market ever more energy efficient products and technologies for the consumer to enjoy and to play its role in facilitating better informed consumer choices.**

We consider the draft Directive as an **opportunity to provide a common and holistic answer to the energy, climate change and resource efficiency challenges** ahead by harmonising to the maximum extent possible current practices and efforts of the different Member States: An as strong as possible European framework will not only provide a **clear political signal for sustainable, growth enhancing energy efficiency investments**, it will also help securing **free movement**, **reducing Europe's external energy bill** that today is strongly dominated by energy imports, and it can contribute to help changing consumer behaviour to reduce their individual energy consumption and related costs.

Executive summary

Orgalime believes that the draft report introduces several important proposals to improve the Commission's proposal with a view to strengthening the establishment of a common EU energy efficiency framework in the light of the EU's 2020 objectives and beyond. In concrete terms, we especially support the following suggestions included in the draft report:

- Improvements of the European-wide market design and the establishment of Demand Response programmes
- Accompanying energy efficiency measures with technical and financial support
- Strengthening requirements on building renovation requirements
- Strengthening consumer awareness and the introduction of a consumer empowerment programme in particular

Orgalime, the European Engineering Industries Association, speaks for 34 trade federations representing some 130,000 companies in the mechanical, electrical, electronic, metalworking & metal articles industries of 22 European countries. The industry employs some 9.7 million people in the EU and in 2010 accounted for some €1,510 billion of annual output. The industry not only represents some 28% of the output of manufactured products but also a third of the manufactured exports of the European Union.

Therefore, Orgalime kindly asks you to especially support amendments 3, 10, 13-18, 26, 36, 37, 39-41, 43, 44, 46-48, 50-52, 64-66, 87 and 89.

However, at the same time, Orgalime remains concerned with the following elements of the draft report:

- Imposing absolute energy savings targets, both at national and European level
- Deleting the out opt close from the energy efficiency obligation scheme
- Allowing only the highest energy efficiency class for green public procurements and for the accountability towards the energy obligation scheme

Therefore, we kindly request you to reject amendments, 5, 11, 12, 19, 20, 21, 23-25, 28, 31-35, 42, 53-60, 78, 90-92, 94-103 and 110.

We specify our comments hereafter:

1. Strengthening requirements on building renovation requirements (article 4)

We support an active public sector leading by example and promoting energy efficiency through ambitious and transparent investment plans in public infrastructures, buildings, transport and smart cities. We especially welcome the new provision on building renovation, since the refurbishment of all existing buildings is an efficient means to meet the EU's policy objectives. However, the understanding of the concept of "deep renovation" should include technical installations and inside equipment of the building, such as Energy using Products. Otherwise, the Directive would have an un-balanced focus on some solutions, which would not take into account the variety of different regions in the Union.

Regarding public buildings, we also encourage going beyond the proposed 3% target as long as national particularities would be taken into account, such as the different structures of the public building stock, available public finances or the housing policy of each Member State.

We kindly request you to support amendments 13, 14, 15, 16, 17 and 18.

2. Accompanying energy efficiency actions and measures with technical and financial support (new articles 2a, 19.7a and 19a; article 9)

We support the Rapporteur's proposal to accompany the setting of energy efficiency measures with effective support tools to help the practical implementation of the Directive's future requirements:

- Driving EU funding and financial programmes as well as national revenues, such as from the ETS auctioning, towards energy efficiency via the establishment of a financing facility complements the EU's policy agenda in this field.
- So do proposals for amending the provisions on penalties, which propose to equally use such revenues for the new mechanism
- Requesting the Commission to develop an accompanying programme under the "Intelligent Energy-Europe" Programme to support the exchange of experiences and practices, benchmarking, networking activities and innovative practices is in our view equally helpful for making the Directive work on the grounds.

We kindly request you to support amendments 10, 52, 87 and 89.

3. Energy audits and energy management (article 7)

While we support energy audits and energy management systems as useful tools to monitor energy consumption, we believe that they should remain on a voluntary basis encouraged by appropriate incentives. In any case, requirements should respect current best practices, such as

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the possibility to fulfil requirements with either qualified in-house or external experts and ISO standards.

We kindly ask you to support amendments 3, 36, 37, 39 and 40.

4. Strengthening provisions on consumer information: smart metering, informative billing (article 8) and a consumer empowerment programme (new article 8a)

Raising the awareness of consumers/end users on energy consumption is an indispensable prerequisite for changing consumer behaviour towards more energy-efficient and sustainable consumption patterns. Orgalime therefore supports that consumers shall be provided with their actual energy consumption and real time information on actual time of use at no additional costs. Metering should be smart, secured, respect the privacy of end-user, provide direct feedback to consumers (possibly through in-home displays) and additional functionalities identified in European standardisation Mandate 441. We also welcome the new provision on consumer information and empowering programme.

***We kindly ask you to support amendments 41, 43, 44, 46, 47, 48, 50, 51.
We recommend rejecting amendment 42.***

5. Efficiency in energy supply: Demand-response (articles 10-12)

We support improving the European-wide market design and measures to encourage technologies and systems enabling Demand Response programmes. According to a study, carried out by Capgemini, VaasaETT and Enerdata¹, Demand Response alone could achieve 25-50% of the EU's 2020 targets concerning energy savings and CO₂ emission reductions. However, many countries do not allow demand-response to participate in energy markets in Europe.

We also support the general goal of promoting high efficiency co-generation. However, instead of imposing solution in the form of district heating and cooling, the focus should be on high energy efficiency solutions to safeguard energy technology neutrality.

***We kindly ask you to support amendments 64, 65, 66.
We recommend rejecting amendments 53, 54, 55, 56, 57, 58, 59, 60.***

6. Absolute energy saving targets & modifications to the energy efficiency obligation scheme (articles 3 and 6)

While we fully support realising substantial energy efficiency improvements, imposing absolute energy savings targets, both at national and European level, would in our view result in setting a ceiling for EU growth as such. As a main consequence, this risks undermining the long term EU strategy for growth. Instead of absolute savings, we would prefer setting targets on energy intensity that can be defined as the use of energy in relation to economic output indicators, such as the energy consumption per unit GDP.

We support establishing an energy efficiency obligation scheme as proposed in article 6 of the Commission proposal with an exemption for small actors and an opt out clause for Member States without lowering the overall ambition of the obligation scheme.

The so-called opt out clause is proposed to be deleted in the draft report of C. Turmes. However, maintaining the clause is in our view relevant to secure flexibility in cost efficient energy efficiency measures in more advanced Member States.

The scheme should, in our views, also foster market uptake of best available technologies on the

¹ Demand Response: a decisive breakthrough for Europe, Capgemini, VaasaETT and Enerdata, June 2008

market. Dissemination of efficient equipments, such as compact light bulbs and heat pumps, should therefore count towards the energy savings. On the contrary, excluding some equipment from being eligible, such as heat pumps for sanitary hot water production, would reduce the incentive to install this equipment, while they are an energy-efficient replacement of the old equipment stock.

We kindly ask you to support amendment 26.

We recommend rejecting amendments 5, 11, 12, 20, 21, 23, 24, 25, 28, 31, 32, 33, 34, 35, 90, 94 - 103 and 110.

7. Greening public procurements to explore the potential of ever more energy efficient products (art. 5)

In addition to the proposed consumer empowerment programme and amendments to the smart metering and informative billing, the dissemination of ever more energy efficient products is an additional element for realising results. We fully support proposals to make the public sector lead by example in choosing ever more energy efficient products in their public purchases, services and buildings.

On the other hand, we acknowledge that public procurement has to take into account further important factors in addition to energy efficiency, notably economic and technical feasibility and fair competition for all products and that therefore, targeting “only” products complying with eco design benchmarks instead of fostering the market uptake of existing, proven best available products and technologies, while desirable, appears being in conflict with these other general public procurement rules.

We propose to overcome this conflict by requiring public procurements not to fall below A class products. In addition, public procurements could also be supplemented by the possible innovation procurements.

We kindly request to reject amendment 19.

8. Conversion Factors & Primary Energy Factor (Article 16 & Annex IV)

We would recommend a very careful approach when issuing a fixed Primary Energy Factor (PEF) of 2.5, since it negatively affects other EU legislation, such as the Eco design implementation. It discriminates electric products against gas sourced products and is not compatible with the energy mix in some European countries, especially renewable energies sourced systems.

We kindly request to reject amendments 78, 91 and 92.

For further details, please view Orgalime’s Position Paper providing detailed comments and suggestions for shaping the Commission’s proposal for an Energy Efficiency Directive in the further proceedings (www.orgalime.org/Pdf/Orgalime_PP_COM_Proposal_Energy_Efficiency_Directive_2011_11_10.pdf).