Implementing the EU Energy Efficiency Directive:

Latest analysis of Member State plans for end-use energy savings targets (Article 7)

The Coalition for ENERGY SAVINGS

Credits

The Coalition for Energy Savings: the voice of energy efficiency and savings in Europe

The Coalition for Energy Savings strives to make energy efficiency and savings the first consideration of energy policies and the driving force towards a secure, sustainable and competitive European Union. Its membership unites businesses, professionals, local authorities, trade unions and civil society organisations in pursuit of this goal. The Coalition calls on the EU to commit itself to a 40% energy saving target by 2030, and to step up policies, measures and investments in order to stop energy waste and tap the considerable energy savings potentials.

Coalition members represent:

- more than 400 associations and 150 companies

- 15 million supporters and more than 2 million employees

- 1,000 cities and towns in 30 countries in Europe

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Related publications

Coalition for Energy Savings, Analysis of Article 7 Member States reports, April 2014[1].

Coalition for Energy Savings, Guidebook for Strong Implementation for the EED, 2013[2].

Stefan Scheuer Consulting, Your Complaints For Strong Implementation of the Energy Efficiency Directive - A practical guide for using complaints to the European Commission to support National implementation, April 2014[3].

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1 http://energycoalition.eu/analysis-article-7-member-states-reports
2 http://eedguidebook.energycoalition.eu
3 http://www.stefanscheuer.eu/20140414_Stefan_Scheuer_Consulting_EED_Complaints_Toolkit.pdf

Content

Abbreviations

CCA	Climate Change Agreement
CCL	Climate Change Levy
CO_2	Carbon dioxide
EED	Energy Efficiency Directive
EEO	Energy Efficiency Obligation
EPBD	Energy Performance for Building Directive
ETS	EU Emission Trading System
EU	European Union
ktoe	kilo ton oil equivalent
LPG	Liquefied Petroleum Gas
MS	Member State
Mtoe	Million ton oil equivalent
NEEAP	National Energy Efficiency Action Plan
RES	Renewable Energy
PV	Photovoltaic
UK	United Kingdom
VAT	Value added tax

Introduction

The Coalition for Energy Savings undertakes regular assessments to keep track of the progress of implementation of the Energy Efficiency Directive (EED[4]) at Member State (MS) level. The aim is to support the national and EU-wide energy efficiency community, as well as the European Commission in its role of enforcer of the requirements of the EED. This report is an update of our analysis[5] of implementation of Article 7[6] of the EED from April 2014. It investigates whether Member States have made any effort to strengthen their Article 7 plans and consequently the implementation of the Energy Efficiency Directive.

Good implementation of the EED is crucial to achieve the 20% energy savings target in 2020[7] and pave the way to deliver further savings to 2030. The importance of good implementation is confirmed by the Commission in its 2014 Energy Efficiency Communication[8], which states that "implementation of the EU legislative framework is still lagging behind. If all Member States now work equally hard to implement fully the agreed legislation then the 20% target can be achieved without the need for additional measures". Furthermore, the European Council, in its conclusions of 23/24 October 2014, stated that "substantial progress has been made towards the attainment of the EU targets for greenhouse gas emission reduction, renewable energy and energy efficiency, which need to be fully met by 2020". These statements by both the Commission and the Council raise high expectations for good implementation of the EED.

It was expected that Member States would use the National Energy Efficiency Action Plans (NEEAPs) and the updated notifications on Article 7, published after the Coalition's initial assessment of the national Article 7 plans, as an opportunity to report on improvements to their plans to achieve the mandatory end-use energy savings target. Many of the NEEAPs or the additional Article 7 notifications include new or updated information regarding national actions to comply with the Energy Efficiency Directive requirements, for some there were improvements and for others deterioration. However, overall, we found no evidence of significant improvements of the plans. The overall picture is still more or less the same as concluded in our April 2014 analysis, in that the plans are weak and that more needs to be done.

While implementing energy efficiency policies can be complex, over two years after adoption of the EED, it is time that MS live up to the Council conclusions, and deliver on the mandatory targets of the EED. The longer good delivery is postponed, the more energy savings will have to be delivered in the last few years until 2020 to achieve the mandatory energy savings target. This means that Europe continues to waste energy, pay huge energy import bills, and miss the opportunity to create jobs while addressing climate change at the same time.

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[4] Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency.

[5] Coalition for Energy Savings, Analysis of Article 7 Member States reports, April 2014.

[6] Article 7 of the EU Energy Efficiency Directive (EED) requires Member States (MS) to put in place Energy Efficiency Obligation schemes (EEOs) or use alternative policy measures to deliver a targeted amount of energy savings amongst final energy consumers. The energy savings to be achieved by EEOs and/or alternative measures must be at least equivalent to achieving new savings each year from 1 January 2014 to 31 December 2020 of 1.5% of the annual energy sales to final consumers of all energy distributors or all retail energy sales companies by volume averaged over the previous three consecutive years.

[7] The Energy Efficiency Directive sets a goal for the EU to reduce its energy consumption by 20% by 2020.

[8] European Commission, Communication from the Commission to the European Parliament and the Council - Energy Efficiency and its contribution to energy security and the 2030 Framework for climate and energy policy, COM(2014)520, 23 July 2014.

Available information and methodology

According to the Energy Efficiency Directive, Member States had to submit their National Energy Efficiency Action Plans (NEEAPs) to the Commission by 30th April 2014. The plans, which are due every three years, are meant to include a comprehensive overview of already implemented measures and details on measures planned or proposed under the provisions of the Energy Efficiency Directive. The Commission provided a template for the NEEAPs to guide Member States in their reporting. The use of this template is not compulsory. For Article 7, Member States had to present the most recent information available regarding their plans to achieve their target, including information about the target itself, the measures planned with their expected savings and the methodologies used for the calculations. By February 2015, eleven months after the deadline, 25 Member States have submitted their NEEAP[9]. From the available NEEAPs, 23 were assessed[10] in this report.

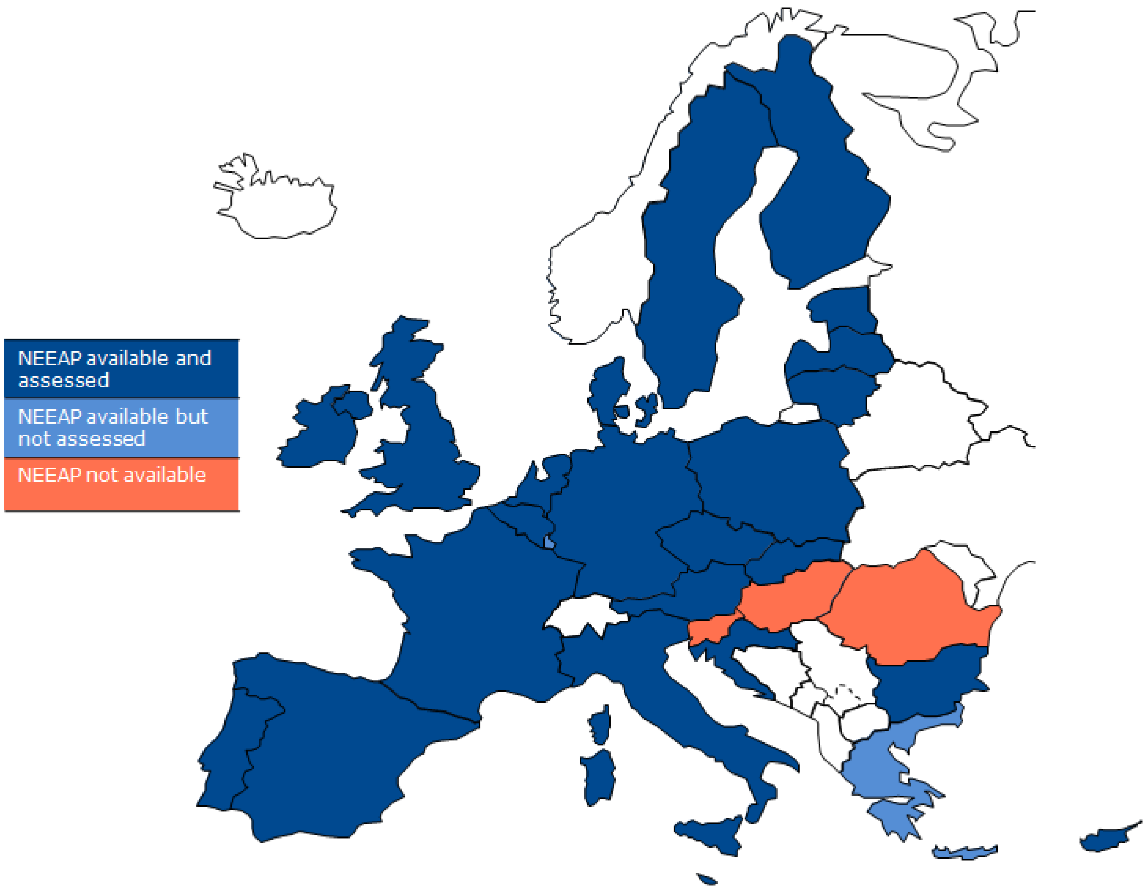

Figure 1. Map of NEEAPs available and assessed

Furthermore, since the publication of the Coalition's initial assessment of Article 7 notifications, a number of Member States' new notifications with further clarifications and updates regarding their Article 7 national plans have become publicly available[11] and Luxembourg has published its Article 7 plan. Table 1 presents an overview of which countries have submitted NEEAPs and/or updated Article 7 notifications.

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[9] Available on Commission website: http://ec.europa.eu/energy/efficiency/eed/neep_en.htm

[10] It was not possible to assess the NEEAPs of Greece and Luxembourg, which have become publicly available in February 2015, due to time limitations.

[11] Available at the Commission's website: http://ec.europa.eu/energy/efficiency/eed/article7_en.htm

Table 1. Overview of the countries with NEEAPs and/or updated Article 7 notifications

Country	NEEAP available	Updated Article 7 notifications	Remark
Austria	yes	no	
Belgium	yes	no	
Bulgaria	yes	no	
Croatia	yes	no	
Cyprus	yes	yes	Updated Article 7 notification contains updated information compared to the NEEAP and their original Article 7 notification
Czech Republic	yes	no	
Denmark	yes	yes	Updated Article 7 notification only includes the 2012 national agreement on the energy efficiency obligations
Estonia	yes	yes	Updated Article 7 notification contains technical information prepared alongside original Article 7 notification
Finland	yes	yes	Updated Article 7 notification submitted as an Annex to the NEEAP
France	yes	no	
Germany	yes	yes	Information in updated Article 7 notification, and included in NEEAP, contains updated information compared to their original Article 7 notification
Greece	yes	no	
Hungary	no	no	
Ireland	yes	yes	Updated Article 7 notification contains technical information prepared alongside original Article 7 notification
Italy	yes	yes	Information in updated Article 7 notification, and included in NEEAP, contains updated information compared to their original Article 7 notification
Latvia	yes	yes	Updated Article 7 notification contains technical information prepared alongside original Article 7 notification
Lithuania	yes	yes	Information in updated Article 7 notifica-

			tion, and included in NEEAP, contains updated information compared to their original Article 7 notification
Luxembourg	yes	no	Initial Article 7 notification now available
Malta	yes	no	
Netherlands	yes	no	
Poland	yes	no	
Portugal	yes	no	
Romania	no	no	
Slovakia	yes	yes	Information in updated Article 7 notification, and included in NEEAP, contains updated information compared to their original Article 7 notification
Slovenia	no	yes	Updated Article 7 notification includes more information on the exemptions used
Spain	yes	yes	Information in updated Article 7 notification, contains updated information compared to their original Article 7 notification and NEEAP
Sweden	yes	no	
UK	yes	yes	Information in updated Article 7 notification, and included in NEEAP, contains updated information compared to their original Article 7 notification

The updated Article 7 notifications were submitted either as part of the requirements of the EED or a response to EU Pilots[12] sent by the Commission in 2013. Updated Article 7 notifications are available for 13 countries, namely Cyprus, Denmark, Estonia, Ireland, Italy, Finland (as Annex to its NEEAP), Germany, Latvia, Lithuania, Slovakia, Slovenia, Spain and the UK. Of these countries, only Slovenia has not submitted a NEEAP.

For this analysis, the most recently updated information from both the Member States updated notifications and the NEEAPs was used. The Coalition for Energy Savings has compiled a stakeholder analysis of the Member States updates of Article 7 reports and the NEEAPs. To do this, it has called upon its members and their national member organisations and national contacts (see Annex I for a list of organisations who contributed to this analysis) to provide a first analysis of MS' Article 7 plans, based on the NEEAPs submitted. This is based on a common

[12] An EU Pilot is used when clarification is required from Member States of the factual or legal position. The Commission requests further information from the Member States on the application of specific legislation. Member States have a short timeframe to provide the explanations or solutions, including remedial action to correct infringements of EU law. The Commission services review all Member State responses and further action may be taken to enforce EU law if required. Further information can be found here: http://europa.eu/rapid/press-release_IP-10-226_en.htm

questionnaire (Annex II). These responses were combined with a partial analysis of the NEEAPs and/or updated Article 7 reports. This report is a stakeholders' (at both national and EU level) analysis of updates on Article 7 plans for implementation.

Analysis

From the 28 Member States 25 have submitted a NEEAP, while 13 have provided an updated Article 7 notification. From the NEEAPs and the additional Article 7 notifications that are assessed in this report, 16 present updated information compared to the original Article 7 national reports. Table 2 presents an overview of the countries that have provided additional or new information or made changes to their plans and whether this concerns the target calculation and/or the measures planned to achieve this target.

Table 2. Overview of the countries that have provided updated or changed information on their Article 7 implementation plans

Country	Provided new/updated information on their Article 7 plans in their NEEAPs or updated notifications	Changed target calculation	New/updated information regarding the measures/EEOs
Austria	+	+	+
Belgium			
Bulgaria			
Croatia	+		+
Cyprus	+	+	+
Czech Republic	+	+	
Denmark			
Estonia	+	+	+
Finland	+	+	
France			
Germany	+	+	+
Greece	(NEEAP available but not assessed)		
Hungary	(No NEEAP available)		
Ireland			
Italy	+	+	
Latvia			
Lithuania	+		+
Luxembourg	(NEEAP available but not assessed)		
Malta	+	+	
Netherlands	+		+
Poland	+	+	

Portugal			
Romania	(No NEEAP available)		
Slovakia	+	+	+
Slovenia	+ (No NEEAP available but additional Article 7 notification)	+	
Spain	+		+
Sweden			
UK	+		+

Updates concerning the targets

Eleven Member States reported different cumulative final energy savings targets over the period 2014–2020 in their NEEAP or additional Article 7 notification compared to their Article 7 notification (from December 2013). From those MS, Austria, Cyprus and the Czech Republic have reported higher targets, while Germany, Estonia, Slovenia, Slovakia, Finland, Italy, Malta and Poland have reported lower targets. Italy still reports that the aim is to achieve slightly higher energy savings than the target. The changes in the amount of savings vary. Most differences seem to be due to the update of energy data for the three year period used to develop the baseline for the calculation of the target. This is also evident from Table 3, where it can be seen that most of the deviations between the targets are very small. Slovakia's target represents the greatest difference downwards, with Germany second in line, while Austria's represents the greatest difference upwards.

Table 3. Cumulative final energy savings targets for all Member States

Country	Latest cumulative final energy savings target over 2014–2020 (Mtoe)	If changed, cumulative final energy savings target over 2014–2020 reported in original Article 7 notification, (Mtoe)
Austria	5.200	5.006
Belgium	6.911	
Bulgaria	1.943	
Croatia	1.296	
Cyprus	0.242	0.213
Czech Republic	4.581	4.571
Denmark	4.130	
Estonia	0.611	0.614
Finland	4.192	4.209
France	30.570	
Germany	41.990	48.880
Greece	3.302	
Hungary	4.816	

	(calculated from reported total savings target)	
Ireland	2.652	
Italy	25.500	25.580
Latvia	0.851	
Lithuania	1.004	
Luxembourg	0.532	No target previously reported
Malta	0.056	0.058
Netherlands	11.512	
Poland	14.700	14.725
Portugal	3.376	
Romania	No target	
Slovakia	2.284	3.121
Slovenia	0.947	0.997
Spain	15.979	
Sweden	9.114	
United Kingdom	27.859	

The Coalition's April 2014 report pointed out that there were deviations between the calculated cumulative savings reported as their target by some Member States and the minimum savings expected based on calculations using Eurostat data. These deviations are mainly due to energy consumption figures from Eurostat being adjusted for various reasons or the use of alternative national data, in many cases these not fully explained. This raises concerns about whether these deviations are justified.

From the eleven countries that report differences in their targets, only two (Cyprus and Germany) seem to have changed elements in the methodology used to calculate the baseline of their energy savings target.

Cyprus seems to have moved in the right direction. In the Coalition's April 2014 report, Cyprus was identified among the countries[13] that in their national Article 7 notifications calculated cumulative savings in 2020 significantly below the minimum expected if Eurostat data was used for the calculation of the baseline. In its updated Article 7 notification, Cyprus increased its savings target. This seems to be due to the inclusion of the oil and pet coke use in the ETS industry within the scope of the exemptions that can limit the target up to 25% and the update of the energy data for the three year period. In its original Article 7 notification, Cyprus incorrectly excluded the oil and pet coke use in the ETS industry already in the baseline calculations of the target and applied the 25% reduction on top of that.

On the contrary, Germany has recalculated and lowered its target by 14%. Germany's explanation for lowering the target is that new data is available allowing a reduction of the baseline beyond what Eurostat data would suggest, but this data is not presented in the updated Article 7 notification or NEEAP. In its response to a question in the national Parliament, the govern-

[13] The other countries that calculated cumulative savings significantly below the minimum expected if Eurostat data was used were the Czech Republic, Estonia, Finland, Austria and Belgium.

ment explained that the new data concerns energy volumes not sold to final costumers, mainly renewable energy and own produced and consumed heat and electricity in industry. While the EED does not cover energy which has not been distributed by energy distributors or sold by retailers, the German target deviates significantly from official Eurostat numbers and without an elaborated explanation why this is happening, it is not possible to assess whether the lowering of the target by 14% can be considered justified.

Austria in its NEEAP includes a higher energy savings target, which is justified by the update of the three year period energy data. Austria provides an elaborated explanation on why there are still differences between the national and Eurostat data. The Austrian NEEAP highlights that the largest deviations between Eurostat and the Austrian energy balance are due to the different way these two treat the allocation of the coal and fuel oil input in steel production.

The update of the 2012 energy sales data for Finland, another country that reported planned cumulative savings significantly below the minimum expected if Eurostat data is used[14], leads to a slightly lower savings target compared to the one reported in its original Article 7 notification. Finland still subtracts unjustified amounts of final energy use from the baseline.

Slovakia in its NEEAP reports a target that is reduced by a remarkable 27% compared to its original Article 7 notification. The original notification refers to an end use savings target calculation of 3.121 Mtoe, which was higher than the Coalition target calculation from Eurostat data of 2.631 Mtoe[15]. In the updated Article 7 notification and in the NEEAP, Slovakia reports a target of 2.284 Mtoe. Although not clearly mentioned, it seems that in its original Article 7 notification, Slovakia reported the end use savings without calculating how much the target will be reduced after applying the exemptions allowed to lower the target by 25%. In the updated Article 7 notification and in the NEEAP, this reduction is calculated and taken into account in presenting the new final energy savings target. Slovakia's updated notification also explains that the Statistical Office issued data on end-use energy consumption for 2012 and revised the data on end-use energy consumption in 2011, which also affect the final energy savings target. With the application of the 25% reduction and the revision of the energy data, the new reported target is now 13% lower than what it would be if it was calculated based on Eurostat data. Slovakia does not justify this deviation of the target from the calculations using Eurostat data in its updated notification or in its NEEAP.

The other countries that reported lower targets due to updated energy data for the three year period of the baseline are Estonia, Italy, Poland and Malta. Changes in these targets are very small.

The Czech Republic also provided the most recent data for the years 2010 to 2012 but this led to a small increase of its savings target, which is however still significantly below the target calculated using Eurostat data.

In its initial Article 7 notification, Slovenia reports the use of two exemptions that can be applied to lower the energy savings target by 25%. However, it calculates only how much the application of one of the two exemptions (the gradual increase of the target) will contribute in reducing the target. As such, the energy savings target reported in the initial Slovenian Article 7 notification is reduced by 20.83%. In its additional Article 7 notification, Slovenia reports also on the contribution of the second exemption planned to be used (counting energy savings in the heat production and distribution sector), which reduces the target by another 4%,

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[14] Belgium is also among the countries that calculated cumulative savings significantly below the minimum expected if Eurostat data were used. However, Belgium is also one of the countries whose NEEAP does not present any different information compared to the original Article 7 notification. As such, the assessment of the Coalition's previous report remains and Belgium's target is still 18% lower than expected if using Eurostat data.

[15] This calculation is after excluding transport data and applying the exemptions that lower the target by 25%.

reaching a total reduction of 24.83%, which is still within the 25% exemptions allowed. This lowers the target a little from the minimum savings expected.

Luxembourg has published its initial Article 7 report, which includes a target of 0.532 Mtoe cumulative final energy savings over 2014–2020. This is very similar to expected minimum savings using Eurostat data, as shown in figure 2. They make use of exemptions, by excluding sales of energy used in industrial activities and progressive phase in of their planned Energy Efficiency Obligation (EEO) scheme, reducing the target by the full 25% allowed.

As shown in Figure 2[16], only Austria, Germany, Cyprus and Slovakia made changes to their targets that are substantial. Savings reported by Cyprus in 2020 now are very similar to those calculated using Eurostat data. Austria increased its target but still reports savings in 2020 below the minimum savings expected, if Eurostat data is used. Germany and Slovakia, which have previously reported targets above the minimum savings expected, are now among the countries that report savings significantly below.

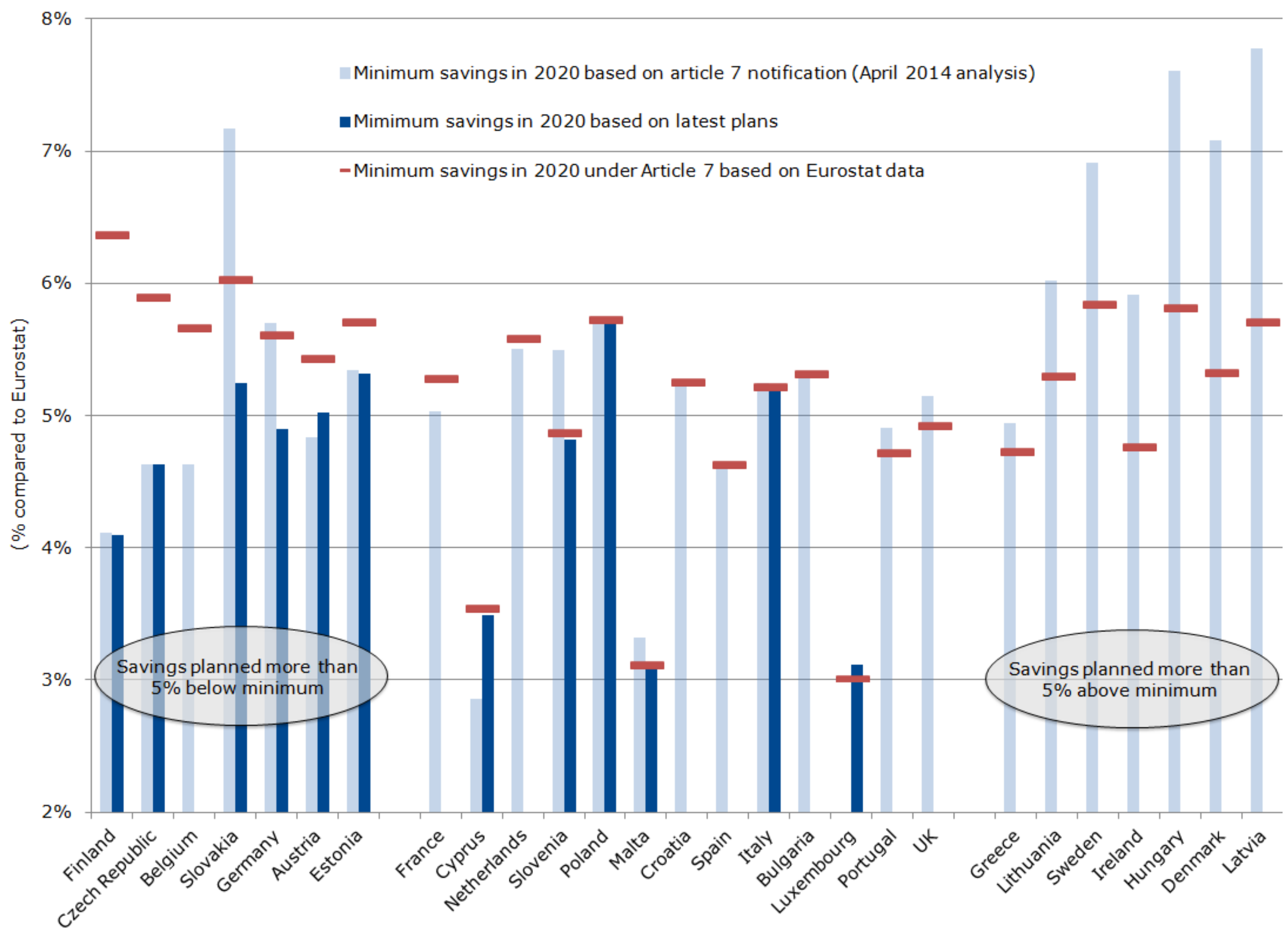

Figure 2. Annual cumulative energy savings planned in 2020 compared to minimum savings expected using Eurostat data.

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[16] Figure 2 shows the deviations between annual cumulative savings that are reported to be achieved by MS in 2020 and savings that would be achieved by MS in 2020, if Eurostat data was to be used for the calculations. Although the legal requirement for MS is related to the total volume of savings for the whole period until the end of the 2020, this graph shows how the application of the exemptions and the deviations between Eurostat energy data and the energy data used by MS to calculate the target affects the annual cumulative savings to be achieved in 2020.

Updates on policies and measures to reach the Article 7 target

Two countries, Germany and the UK, made extensive changes in updated Article 7 notifications, before they submitted their NEEAPs.

Germany, apart from lowering its target, also counts savings as result of measures which are likely to be not eligible, including renewable heat, road and air traffic charges and EU-ETS measures, or not accountable because they are not going beyond EU minimum requirements, like the building regulations. The report does not acknowledge the additionality and free-rider issues linked to these measures, further undermining its credibility. In December 2014 the government presented a range of new energy efficiency plans but those measures have not been reported to the Commission in the context of implementing the EED.

The UK has not changed its target but has increased the estimated savings from policies by 7%. The biggest increase in estimated savings is from the Climate Change Levy (CCL), from 0.6 Mtoe to 2.1 Mtoe in 2020. The CCL applies to organisations in sectors covered by the EU ETS. Since the UK already excluded energy from the ETS sector in their target calculation, this is likely to be double counting. In addition there are concerns about the price elasticities used and whether the impacts of EU regulations have been fully taken into account. The energy savings expected to arise from the UK policy of Climate Change Agreements (CCAs), in place since 2001, has also quadrupled compared to the original Article 7 report. Double counting would appear to be an issue here as the UK also states that it "has not been possible to provide a reliable estimate of the full extent of what CCAs will save prior to an evaluation of the scheme". Since the scheme has been in place since 2001 it is surprising that it has not been evaluated to date so that a reliable estimate could be made.

The UK also decreases estimated savings from some measures, the only significant decrease is the savings from smart meters in the non-residential sector from 1.5 Mtoe to 1.2 Mtoe in 2020.

The accounting of savings to be achieved beyond the 2014-2020 period, which are therefore not eligible, increased by 3% this is due to assumed lower take-off of adopted measures, which are expected to deliver more in the later years. These ineligible energy savings represent 15% of the UK's indicative national 2020 energy efficiency target.

In its NEEAPs, the Netherlands describes in more detail the National Energy Agreement that was reached mid-2013 and the measures planned for achieving its target. However, it does not include the information regarding the impact of the policies. That information can be found in its original Article 7 report. It would be preferable to have one document that contains all the relevant and most up-to-date information, instead of having to go through several documents.

Austria provides a much more detailed list of measures, including information about the savings expected from each measure and in some cases their budget. According to the NEEAP, the energy efficiency obligation scheme is still under preparation, so no further information is provided for that.

Poland does not provide updated information in its NEEAP compared to the initial Article 7 notification regarding its white certificate scheme planned for the period 2014 to 2020. As in the Article 7 notification, the Polish NEEAP does not explain how the existing white certificate scheme will adjust to the requirements of the Article 7 of the EED. The NEEAP does include though a more detailed description of the first tendering process regarding the existing scheme and an initial assessment on why it did not have the expected results.

France did not provide new information in the NEEAP about its plan to implement Article 7 compared to its original Article 7 notification. However, there are concerns raised by national stakeholders working on energy efficiency that the savings included in the plan are overestimated. These concerns relate, among others, to the savings claimed from the replacement of boilers through the white certificates scheme and the recent decision of the French government to give the possibility to utilities to use unused stock of white certificates accumulated from the period 2011-2014 during the period 2015-2017. Measures before 2014 should be considered as early actions and savings deriving from those actions should be within the limit of the exemptions allowed to lower the target by 25%. However, France has not yet provided any details to show how the decision allowing the use of the white certificates issued before 2014 will be in line with the requirement of the Article 7 of the EED regarding early actions. Furthermore, the savings claimed from the fuel taxes are also questionable as they may not be additional to the EU minimum levels of taxation.

Lithuania's original Article 7 notification did not contain any elaboration on the alternative measures that will be used to achieve its target together with the establishment of the obligation scheme. In the additional Article 7 notification, Lithuania states that 20% of the target will be reached by alternative measures. In a response to the EU Pilot sent by the Commission in 2013, Lithuania added renovation of different types of buildings with improved energy performance, including public buildings, as the only alternative measure. The NEAAP of Lithuania presents this same information. As the Coalition's April 2014 analysis has already indicated, unless the renovation of public buildings goes beyond the minimum requirements, the eligibility of at least part this measure can be questioned because of additionality reasons.

Cyprus submitted an additional Article 7 report to the Commission after the publication of its NEEAP. In this report Cyprus regroups and revaluates the planned measures to achieve its target and includes limited and qualitative information on their additionality and importance. Even though the estimates for the expected savings of the measures are available in the report, due to the changed compilation of the measures, it is difficult to make a comparison with the original Article 7 report of Cyprus. In any case, Cyprus still includes suspected non-eligible measures such as grant schemes for PV installations (energy efficiency not the primary goal).

Estonia in its NEEAP introduces the development of an energy efficiency obligation as one of the options to close the savings gap towards achieving the end use target. According to the Estonian NEEAP, the rules of establishing an Energy Efficiency Obligation (EEO) scheme will be laid down in a new law, which is called provisionally Organisation of Energy Management Act. From the NEEAP, it is understood that the new Act has not been adopted yet. If this process takes too long it may affect the delivery of the energy savings required until 2020.

In contrast, Slovakia apparently decided to achieve the energy savings target solely through alternative policy measures and not to establish an EEO due to assumed increase in energy prices to the end-user, which would have a negative impact on the business environment. According to the Slovak NEEAP this could also increase energy poverty. The new approach will be evaluated in 2017, based on the evaluation of the implementation of the energy efficiency measures during the period 2014-2016.

Spain's additional Article 7 report provides much more detail on alternative policy measures and on the EEO (still to be implemented). The report says that Spain will have a combination of new and existing measures. The most interesting measure is the Aid Programme to renovate existing buildings in the residential sector to improve their energy performance. The measure is expected to provide total cumulative savings of 42.5 ktoe in the period 2014-2020, with funding of €125 million and was already included in the earlier notification. A new measure is one for efficient driving with a mandatory component of training and assessment for new drivers. This measure should deliver cumulative savings of 999.8 ktoe. There should have been also a communication campaign on energy efficiency in 2014. The other measures seem to be existing measures, or measures in various states of preparation/implementation. Finally, the document contains a section on how much the different measures will contribute to the target, information which was missing from the original Article 7 notification. The EEO will deliver around 40% of the target, the Energy Efficiency Fund 30%, the fiscal measures around 20% and the alternative measures about 10%.

Luxembourg has provided very limited information on the measures to be implemented in its Article 7 report. Luxembourg plans to achieve the target with a new EEO scheme, although if it does not deliver, Luxembourg reserves the right to consider introducing other policy measures.

The scheme will be based on the current Danish scheme and will apply to all sectors, although to a limited extent in the transport sector. However, details of the measures under the scheme are not included within the report and a “catalogue of measures” is still under development. This makes it impossible to fully assess the report as the measures are not specified.

Croatia in its NEEAP has also changed the description of most of its planned measures and re-calculated their expected savings downwards. The methodology of the calculations is presented in an Annex of the NEEAP. Croatia in its original Article 7 report opted for alternative measures to achieve its target. It also reported that combining the measures with the establishment of an Energy Efficiency Obligation (EEO) is still under consideration. In its NEEAP, it is clearly stated that given the new more accurate estimates on the impact of the planned measures, Croatia will need to use both alternative measures and an EEO in order to achieve its energy saving target. This approach has been included in the National Energy Efficiency Act which was adopted in October 2014. The EEO still needs to be developed.

Taking into account new EEOs that will be established by Croatia, Luxembourg and Estonia and the fact that Slovakia is not planning to establish an EEO anymore, there are 18 Member States[17] that will use an EEO to meet all or part of their Article 7 requirements.

[17] Belgium is considered to have an EEO because there is a scheme in the Flemish region, although it has been notified as a part of the planned alternative measures of the region under Article 7. Also according to other information, not in the NEEAPs or article 7 notifications, Portugal has an EEO in place. However, it is not reported as part of the plan to achieve the end use energy savings target of Article 7, therefore it is not included here. Austria has had a voluntary EEO in place since 2011. However, since no mention of this voluntary scheme was made in their Article 7 report and no information on the EEO scheme was provided, the Austrian EEO is considered as a new one.

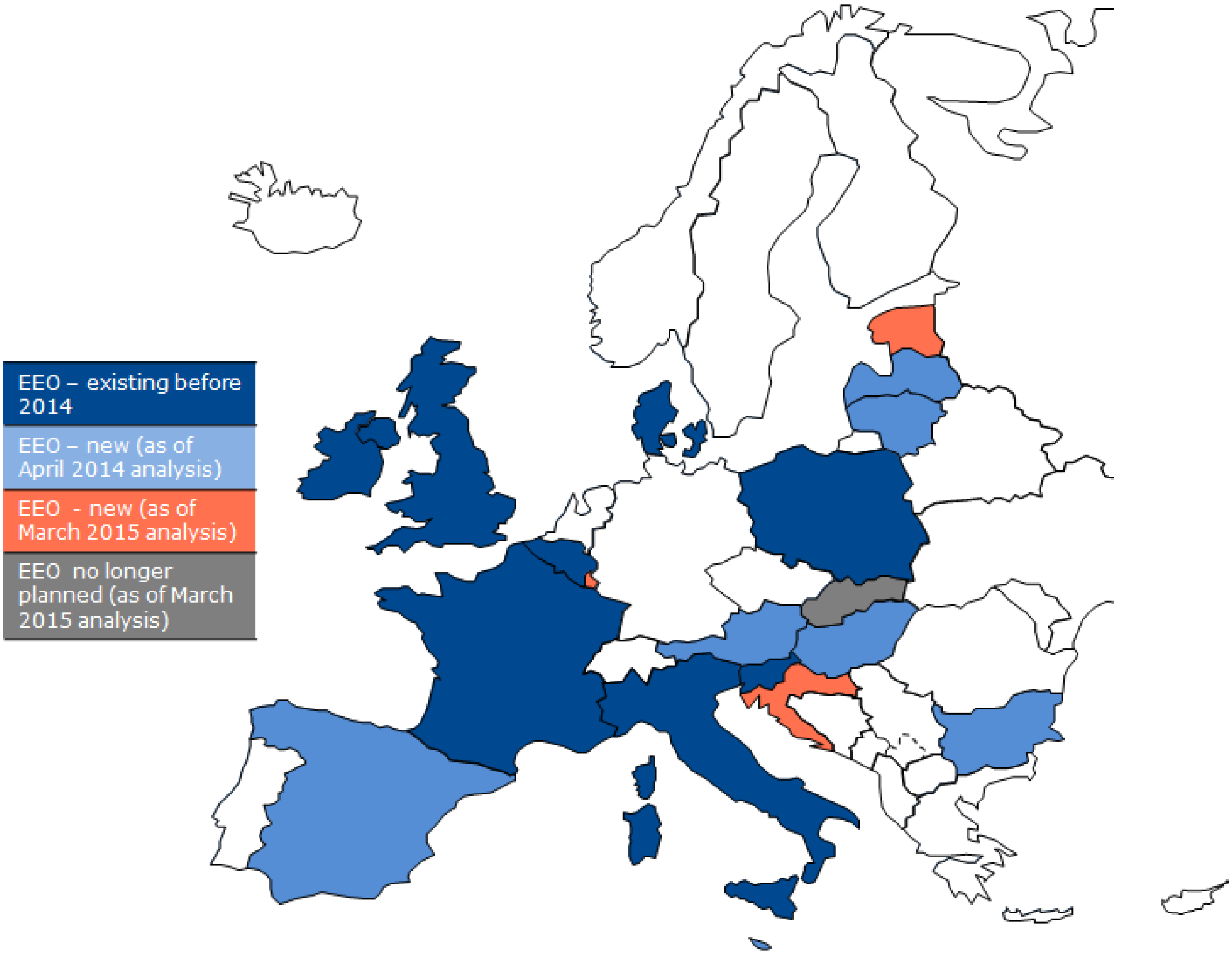

Figure 3. MAP of EEOs in Europe based on EED notifications

Eligibility of the measures

The Coalition's April 2014 assessment presented a list of suspected non-eligible measures for achieving savings towards the target. From the countries that in either their NEEAP or updated Article 7 notifications report differences on their measures compared to the original Article 7 notification, only Croatia seems to have taken suspected non-eligible/non-additional measures out of its list of planned measures (promotion of renewables).

Germany and the UK have reinforced the use of potentially ineligible measures, by either adding more (e.g. taxes or building regulations that do not go beyond European minimum requirements) or by increasing the expected savings of those that they have included in the first place (e.g. increase of savings from measures after 2020).

Table 4. Suspected non-eligible measures

Country	(Suspected) non-eligible measures or non-additional savings	Possible reason for non-eligibility/non-additionality	Changes in the NEEAP or the additional Article 7 report
Austria	Taxes, such as road tax	Energy efficiency not primary objective	No change but also measures regrouped
Belgium	Energy audits	Savings may not be	No change

	Periodic control of boilers for heating	above EU standards set by EED and Ecodesign	
Croatia	CO_2 fees Incentive programmes for use of renewable energy sources Implementation of EED Art 5 (public building renovation)	Energy efficiency may not be the primary objective Savings may not be above EU standards set by EPBD	Incentive programmes for use of renewable energy sources no longer mentioned
Cyprus	Grant schemes for PV, solar space heating and cooling, net-metering for PV	Energy efficiency may not be the primary objective	RES grant schemes still mentioned but also measures regrouped so difficult to assess further
Denmark	Savings in transmission and distribution networks and establishment of new collective solar farms for district heating production	Exemption (but no problem, since Denmark stays below the 25% allowed exemptions)	No change
Estonia	Excise duties and VAT on fossil fuels and electricity	Energy efficiency may not be the primary objective	No change
Finland	Energy audits Fuel taxation on petrol and diesel Subsidy programme for fuel switching	Savings may not be above EU standards set by EED Energy efficiency may not be the primary objective Energy efficiency may not be the primary objective	No change
France	Measures supporting renewable heat (i.e. biomass heaters, heat grids, etc.) Eco-tax for heavy vehicles (measure currently suspended) Ecodesign regulation on boilers	Energy efficiency may not be the primary objective Savings may not be above EU standards set by Ecodesign	No change
Germany	Renewable heat, road and air traffic charges, EU-ETS, and building codes	Energy efficiency may not be the primary objective Additionality/free-rider problems are not addressed	More suspected non-eligible measures added, such as EU-ETS and road and air traffic charges
Greece	Increase of the tax in heating oil in order to have the same price as diesel Subsidy on fuel switching from diesel and petrol to LPG in transport Construction of a metro system in Thessaloniki Extension of Athens metro	Energy efficiency may not be the primary objective Energy efficiency may not be the primary objective	NEEAP not assessed

Ireland	Home renovation tax Information is lacking on the price elasticities Building regulations	Energy efficiency may not be the primary objective May not be above EU standards set by EPBD	No change
Italy	Incentive scheme to stimulate the generation of renewable thermal energy (solar thermal collectors, solar cooling, replacement of heat generators with biomass heat generators)	Energy efficiency may not be the primary objective and no distinction is made between the energy efficiency and the renewable energy part	No change
Latvia	Replacement of trains in Latvia	Energy efficiency may not be the primary objective	No change
Lithuania	Implementation of Article 5 EED (public building renovation)	Savings may not be above the EU standards set by EPBD	No change
Netherlands	Levy on electricity and gas Subsidies on alternative transport fuels (ethanol, natural gas, etc.)	Energy efficiency may not be the primary objective	No change
Poland	White Certificates Scheme	Savings may not be above the EU standards set by EPBD and Ecodesign	No change
Portugal	Financial or tax incentives Promotion of electric vehicles and modal shift	Energy efficiency may not be the primary objective	No change
Spain	Tax on nuclear fuel production, waste and storage	Energy efficiency may not be the primary objective	No change
Sweden	Energy audits	Savings may not be above EU standards set by EED	No change
UK	Building regulations Excessive savings from measures before 2014 and counted savings after 2020	Savings may not be above EU standards set by EPBD or above Ecodesign from 2016 on heating Early and late savings counted towards achieving the target on top of exemptions	Greater savings from suspected non-eligible measures, such as savings after 2020

Overall, key eligibility and additionality issues still relate to building standards potentially not above the EU minimum, taxation measures which may not be eligible or exaggerated, and support measures for renewable energy which are unclear or possibly not eligible. Figure 4 shows eligibility and additionally issues among the countries that have provided enough detail in their plans to be able to break down the savings from the measures foreseen[18].

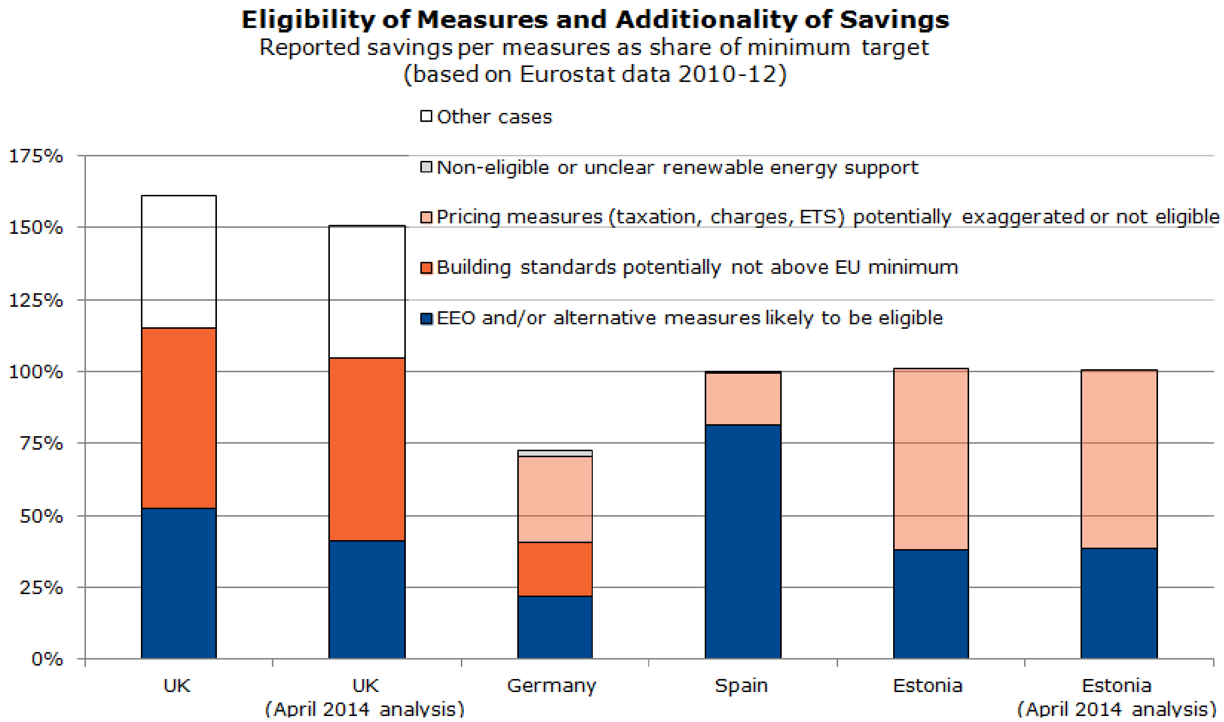

Figure 4. Eligibility of measures and additionality of savings[19]

For the UK, Figure 4 shows a significantly increased share of the target to be met by savings delivered by the EEO and alternative measures expected to be eligible compared to their initial article 7 notification. There is also a very slight increase (less than 1% of the minimum target) due to higher savings after 2020 which are potentially not eligible. This reflects the increased estimated savings reported by the UK NEEAP mentioned earlier in this report. A significant amount of questionable savings remain, i.e. from building standards potentially not above the EU minimum and savings after 2020, as well as concerns about double counting. For Germany, the figure shows that the savings from the measures are far from reaching the minimum target, and more than half of these are from measures potentially not eligible, exaggerated or not above the minimum EU standards. For Estonia planned savings have not significantly changed, which is not surprising given that the target has not changed significantly. Estonia plans to achieve over 60% of the minimum target with taxation measures (VAT and excise duty). Although some of these measures may be eligible, in this report we have not been able to fully assess if the price elasticities used are fully explained and used correctly.

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[18] Compared to the Coalition's report from April 2014, the graph has been updated with further information for Estonia and the UK, while information about Germany and Spain was also added as it became available. Greece was not added because there is no new information available. For Austria, Croatia, Cyprus, Netherlands, Lithuania and Slovakia the updated information on the measures planned is not sufficient to make the breakdown of the savings for the graph. For Finland and Italy although the relevant information was present in the Coalition's report from April 2014, they have since updated their targets and there is no information about the impact of this on their measures. Ireland and Portugal have no changes from the Coalition's report from April 2014.

[19] After deducting transport and assuming reduction of savings target by 25% due to the application of exemptions.

Overall assessment

In April 2014, the Coalition assessed the Article 7 reports from Member States against criteria to identify good quality plans and produce a ranking against the question: "Does the plan demonstrate, in a credible way how new end-use energy savings, equivalent to 1.5% a year, will be achieved?" using the following criteria:

- Completeness: does the report contain sufficient information as required by the EED to check whether and how the savings will be reached?
- Eligibility: are the estimated savings resulting from the different measures eligible according to the description given in Article 7(9) and in the guidance note on Article 7?
- Coherence: does the report provide a coherent overview of how the 1.5% annual savings target is calculated and how this will be achieved by the different measures?

This assessment has been updated using the information provided in the previous chapters [20].

For most countries the score has not changed. Cyprus, Spain, Germany, Luxembourg and Slovenia increased their scoring by one point but did not move up category of scoring. All of them provide new or updated information regarding their measures and/or target calculations that give a more complete picture of their plans. Slovakia and Greece dropped a point for the exact opposite reason, since they do not provide sufficient information. Croatia lost one point since the details of the EEO they now plan to implement are still to be developed. This means they are no longer considered within the green category as there is uncertainty on the measures they will implement. For Greece, although the NEEAP was not assessed, its initial Article 7 report was reassessed to conclude that Greece does not provide enough information on whether the notified savings deriving from the measures planned are considered to be annual or cumulative, which makes it difficult to assess whether the measures are sufficient to achieve the target.

Table 5. Overall ranking of Member States Article 7 plans

	Completeness	Eligibility & additionality	Coherence	**Overall**	**Change from April 2014 analysis ↓ overall score decreased ↑ overall score increased**
Denmark	2	2	2	**6**	
Ireland	2	1	2	**5**	
Belgium	2	1	1	**4**	
Croatia	2	1	1	**4**	↓
Italy	2	1	1	**4**	
Latvia	2	1	1	**4**	
Malta	2	0	2	**4**	
Portugal	1	1	2	**4**	
Cyprus	2	1	1	**4**	↑
France	1	1	2	**4**	
Spain	2	1	1	**4**	↑

[20] The overall assessment of the national reports is a qualitative exercise, taking into account the limited and often preliminary information provided in the reports, the stakeholders views and own research.

Austria	2	0	1	**3**	
UK	2	0	1	**3**	
Greece	1	1	1	**3**	↓
Netherlands	1	1	1	**3**	
Estonia	1	0	1	**2**	
Finland	1	0	1	**2**	
Sweden	1	0	1	**2**	
Czech Republic	1	NA	1	**2**	
Poland	1	NA	1	**2**	
Germany	1	0	0	**1**	↑
Luxembourg	1	0	0	**1**	↑
Slovakia	0	1	0	**1**	↓
Slovenia	1	NA	NA	**1**	↑
Bulgaria	0	NA	NA	**0**	
Hungary	0	NA	NA	**0**	
Lithuania	0	NA	NA	**0**	
Romania	0	NA	NA	**0**	

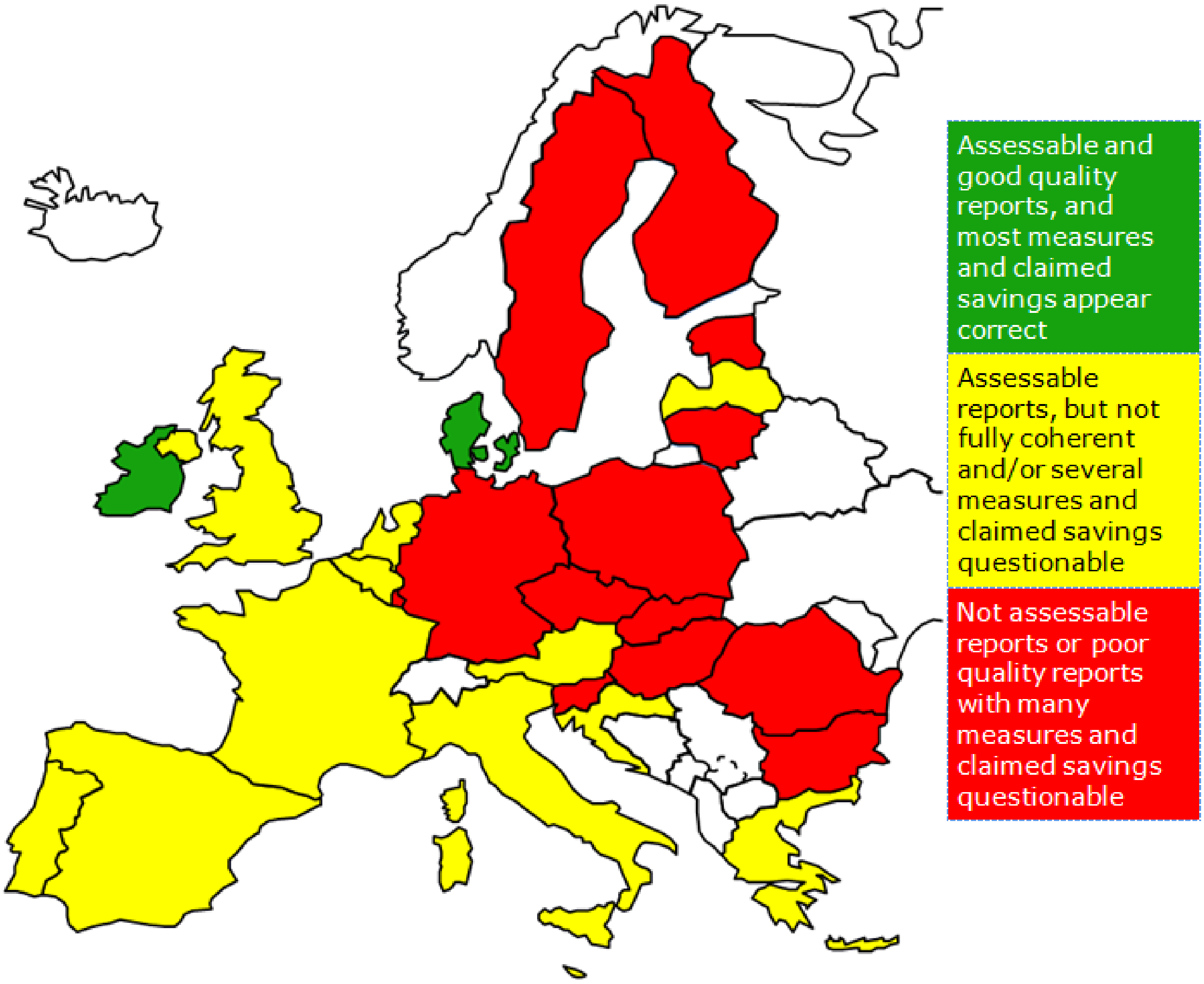

Figure 5. Map showing overall ranking of Member States Article 7 plans

Conclusions

- No substantial improvements have been made over the last 12 months to Member States' plans for achieving end-use energy savings through implementing the Energy Efficiency Directive Article 7 requirements under the Energy Efficiency Directive.
- Most national plans continue to be incomplete, unconvincing and not provide a credible case that savings will be achieved and that the mandatory minimum energy savings target will be reached.
- Many countries exaggerate impact of existing policies and measures, such as counting savings from measures which may not go beyond the EU standard (for example, building standards) or measures that deliver savings inadvertently (for example, taxes or grant schemes for renewable) and / or reduce their savings target in an arbitrary fashion, through use of data which is not fully explained.
- Numerous cases of bad application of EU legislation are to be suspected, in terms of target calculations and use of non-eligible measures for achieving savings.
- With almost all countries still planning to use the maximum exemptions possible, the 1.5% annual end-use savings target is effectively reduced to 0.8% annual savings on average.
- 18 Member States report that they will use an EEO to meet all or part of their Article 7 requirements.

Eleven months after the required date, 25 MS had submitted their NEEAP. Hungary, Romania and Slovenia have not yet submitted a NEEAP (by the end of February 2015). The NEEAPs, in combination with the additional national Article 7 national reports, were an opportunity for MS to improve their Article 7 implementation plans. Member States had further information they could use to do so, including the first comprehensive assessment of the Article 7 plans by the Coalition for Energy Savings and feedback from the Commission through bilateral meetings and EU Pilots. However, although MS have taken the opportunity to modify parts of their Article 7 reports (mainly updating the baseline with the latest available data), we have not seen many convincing improvements of the plans. With almost all countries still planning to use the maximum exemptions possible, the conclusion of the previous report that the 1.5% annual end-use savings target is effectively reduced to 0.8% annual savings on average remains valid.

The majority of Member States have not changed their targets since their initial Article 7 notification. Eleven countries (Austria, Cyprus, Italy, Germany, the Czech Republic, Estonia, Finland, Poland, Slovakia, Slovenia and Malta) have reported differences in their targets compared to the original Article 7 notification. Only two, Germany and Cyprus, seem to have made changes in their methodology to calculate the target. Cyprus seems to have moved in the right direction with the methodology used to calculate the baseline of its energy savings target. Based on the new information, savings in 2020 reported by Cyprus are very similar to those calculated using Eurostat data. On the contrary, Germany reduced its target by 14%. Finland and Czech Republic calculations also continue to lead to a significantly lower baseline and target than required. Also, Slovakia reduced its target by 27%. The target was lowered after the calculation of the 25% reduction applied on the target with the use of the exemptions (which was not reported in the initial Article 7 notification) and the revision of its yearly energy data. Still, the target is 13% lower than expected if using Eurostat data, without explanation. Austria, which has increased its target, still reports savings below the minimum savings expected. Germany and Slovakia, which have previously reported targets above the minimum savings expected, are also now among the countries that report savings significantly below this minimum together with Finland, Belgium, the Czech Republic and Estonia.

Croatia, Luxembourg and Estonia have been added to the list of Member States that have reported that they will use an Energy Efficiency Obligation scheme (EEO) to deliver at least part of the required savings. However, Slovakia is no longer part of this group of countries, as in its NEEAP reports that an EEO will not be established, despite the fact that it was originally planned and reported in its initial Article 7 notification. Therefore, there are 18 Member States that report that they will use an EEO to meet all or part of their Article 7 requirements.

Apart from Croatia that seems to have taken one suspected non-eligible measure (promotion of renewables) out of its list of planned measures, all MS still include the same suspected non-eligible measures in their list of planned measures as identified in the previous Article 7 assessment by the Coalition. Germany and the UK have even increased the savings from suspected non-eligible measures. Cyprus regrouped the measures planned, so it is difficult to assess if changes have been made.

Recommendations

Based on our findings the EU needs to step up its monitoring efforts of progress of implementation of the EED. Despite guidance and comments from the Commission and stakeholders, most Member States still do not have convincing plans on how they will achieve the mandatory energy savings target by 2020. It is clear from this analysis that Member States are lagging behind on good implementation of the EED. Therefore the majority of the recommendations presented in the previous report are still valid.

Member States should:

1. Increase political commitment to energy efficiency, the bottom line should be the full respect for the legal duties for reporting, measurement and verification, and actions sufficiently ambitious to deliver, at least, the minimum savings required;
2. Use the new opportunities and urgencies, resulting from an improved private and public budgetary outlook[21], growing supply security and climate change threats; and
3. Work with energy efficiency stakeholders to mobilise capacities, increase the quality, support and ownership of implementation, and identify and better understand best practices.

The European Commission should:

1. Improve framework conditions for energy efficiency in general, and specifically the implementation of the Energy Efficiency Directive, by ensuring that energy savings are treated on par with supply solutions by applying the "efficiency first" principle[22] [23] and an operational energy savings test that would allow prioritising investments in energy efficiency when they make more economic sense.
2. Improve regulatory predictability by extending Article 7 of the EED beyond 2020, improving target calculation methodology, removing exemptions for phasing-in measures and for counting savings achieved in the past, while including energy used in the transport sector in the calculation of the energy saving target.
3. Ensure stronger enforcement by:
    i. Starting (and continuing) infringement procedures for non-communication against at least the three countries (Hungary, Romania and Slovenia[24]) that still

[21] Including the European Fund for Strategic Investments, the European Commission's new guidance on the use of flexibility within the stability and growth pact, and the currently low oil price.
[22] RAP, Efficiency First: Unlocking the Promise of the Energy Union, February 2015 http://www.raponline.org/featured-work/efficiency-first-unlocking-the-promise-of-the-energy
[23] European Commission – Press release, Energy Union: secure, sustainable, competitive, affordable energy for every European, February 2015 http://europa.eu/rapid/press-release_IP-15-4497_en.htm
[24] In February 2015, the European Commission formally requested Slovenia to submit a National Energy Efficiency Action Plan (NEEAP).

have not submitted a NEEAP and against the thirteen countries that scored 0-2 in Table 5 for non-conformity.

ii. Scrutinising the calculation of targets where they are below the numbers expected from Eurostat data; savings from standards such as building standards which in many cases appear not to be above the EU level; eligibility of CO_2 and energy taxes and use of price elasticities.

iii. Continuously monitoring progress with regards to the implementation of the various aspects of Article 7 of the EED. In many cases measures and plans still need to be developed.

iv. Providing more guidance on the calculation of the energy saving target, the eligibility and additionality of measures and double counting before MS start implementing suspected non-eligible measures.

v. Establishing a common implementation strategy, involving stakeholders and national and local authorities, in order to establish a dialogue, exchange good practices and develop implementation guidance.

4. Ensure stronger governance and reporting by:
    i. Improving the enforceability of national energy efficiency plans through comparable and transparent reporting based on standardised energy data, definitions and indicators for setting energy saving targets, defining eligible measures and measuring energy savings.
    ii. Ensuring that a strong governance mechanism for energy efficiency in legislation is continued to maintain and strengthen the legitimacy and acceptance of policies and measures that will stimulate the energy efficiency market for citizens and businesses, and develop it to its full potential.

Stakeholders should:

1. Raise awareness and coordinate with other stakeholders involved in the EED implementation process at national level to address clear messages to the implementing authorities.
2. Make use of the Coalition for Energy Savings' Guidebook for Strong Implementation for the EED[25], the practical guide for complaints developed by Stefan Scheuer Consulting[26] and other tools to make a credible case to MS for a good implementation of the EED.
3. Consider official complaint to the European Commission or using national or EU courts to raise concerns about the impact of poor implementation.

[25] Available at http://eedguidebook.energycoalition.eu/
[26] Available at http://www.stefanscheuer.eu/20140414_Stefan_Scheuer_Consulting_EED_Complaints_Toolkit.pdf

Annex I - List of organisations who contributed to the Art 7 analysis

Climate Action Network Europe (CAN Europe)

CEE Bankwatch Network

Réseau pour la transition énergétique (CLER) France

ClientEarth

Coalition for Energy Savings

Deutsche Unternehmensinitiative Energieeffizienz (DENEFF)

European Council for an Energy Efficient Economy (ECEEE)

Eco Council Denmark

European Federation of Intelligent Energy Efficiency Services (EFIEES)

European Partnership for Energy and the Environment (EPEE)

European Alliance for companies for energy efficiency in buildings (EuroACE)

European Climate Foundation (ECF)

European Environmental Bureau (EEB)

Focus Slovenia

Green Liberty Latvia

Knauf Insulation

Quercus Portugal

RAP

Rockwool

WWF Spain

WWF European Policy Office

Annex II - Questionnaire

Binding end-use energy savings targets (Article 7)

1. What is the total final end-use savings from 2014-2020 presented in the NEEAP?	Open
2. What is the amount of annual final end-use savings in 2020?	Open
3. Does the NEEAP mention changes compared to the Art. 7 report the country submitted to the European Commission in December 2013	i. No, there are no changes compared to the Art. 7 report ii. Yes, but it only mentions that the changes will be elaborated in the near future iii. Yes, and the changes are included in the NEEAP
If the answer to question 2 is 2i, please go directly to question 6.	
Reply only, if the answer to the question 2 is 2ii: 4. Please briefly outline the changes referred to in your answer to question 3	Open
Reply only, if the answer to the question 2 is 2iii: 5. Does the NEEAP mention a change to the total absolute savings from 2014-2020 and/or the amount of annual savings in 2020?	Yes/no
6. On which page of the NEEAP can those be found?	Open
7. Does the NEEAP mention any differences regarding policy measures that will be used to achieve the 1.5% compared to the measures included in the Article 7 report?	Yes/no
a. If yes, please briefly explain	Open
8. Does the NEEAP provide more detail on whether there is progress on the type and the use of the instruments that will be used to implement Article 7?	Yes/no
a. If yes, please briefly explain (law adopted, agreement with industry, financing tools in place, etc)	Open