

## BRIEFING THE REVISION OF THE ENERGY EFFICIENCY DIRECTIVE

On **23 March 2017**, the Parliament's Industry, Research and Energy committee will hold an **exchange of views** on the revision of the Energy Efficiency Directive (EED).

Legislators have the opportunity to accelerate the delivery of energy efficiency policies and give life to an Energy Union which works for **citizens** and provides opportunities for **businesses**. The Commission notably proposes to amend:

**Articles 1 and 3** to set a 2030 binding 30% energy efficiency target. The role of Member States in achieving the target is set out in the Governance regulation.

**Article 7**, which provides a regular growth perspective for energy efficiency markets, is extended beyond 2020. Member States are required to put in place national energy efficiency measures to deliver 1.5% new and additional end-use energy savings until 2050.

- **The EED was adopted in 2012** as a way to bridge the gap towards achieving the target of 20% energy efficiency improvements by 2020. It was built on existing legislation, including the Energy Services Directive.

- **It sets a framework for EU and national energy efficiency** policies and measures, and for monitoring progress towards achieving the 2020 target.

- **It provides flexibility at national level.** Government departments regularly update the National Energy Efficiency Action Plans (NEEAPs) to progress towards their EED targets. Member States have developed strategies adapted to national circumstances and have encouraged the creation of local jobs and growth across sectors.

- **Today, there are visible signs that energy efficiency policies are encouraging the energy efficiency market to take off**, bringing benefits for consumers and businesses across the European Union.

- **The 2020 target is on track to be achieved**, but the energy savings trajectory needs to be extended with a 2030 target.

**This briefing has been prepared by the Coalition for Energy Savings, and represents the views of a multi-stakeholder and cross-sectoral platform.**

The Coalition for Energy Savings (AISBL) 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, consumer and civil society organisations in pursuit of this goal. Coalition members represent:

- more than 500 associations and 200 companies
- 15 million supporters and more than 2 million employees
- 2,500 cities and towns in 30 countries in Europe

Transparency Register: 72911566925-69

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[Position paper on The Clean Energy for All Europeans package](#)



## Ambition means benefits



### What does the Commission propose?

- The Commission proposes a binding 30% target for 2030.
- It did not follow the Parliament's request to review the methodology used to assess energy efficiency with "a comprehensive cost-benefit analysis".
- Despite this conservative methodology, the Commission's impact assessment shows significant benefits for consumers, the economy, energy imports and the environment.



### What is the Council discussing?

- The first presidency compromise proposals suggest setting an "indicative" 30% target for 2030, which would fall short of giving a strong and credible commitment to citizens and businesses. Indicative targets are mainly ignored when planning for the energy system - running the risk of driving investments into costly and redundant infrastructure.

### Key facts

- With the support of energy efficiency policies, the EU has managed to decouple energy demand and economic growth.
- Energy efficiency brings a variety of economic, social and environmental benefits, and is central in achieving the energy transition. Energy efficiency policies are therefore supported by stakeholders across traditional interest boundaries.
- Even if energy efficiency investments are profitable, they face non-market barriers which are leaving a large profitable energy savings reservoir untapped.
- A 40% binding target would secure the cost-effective potential in Europe across sectors. A target set at 30% merely ensures continuing business as usual, missing the huge opportunity that the tremendous potential of energy efficiency products and services provides to the EU.
- 40% energy savings by 2030 is not only desirable, but also within reach, as the EU is well on track to meet its 2020 target and as some national policies are still in their first years of delivery.

### More information

→ European Commission, 2017, [Good practice in energy efficiency](#)

→ The Coalition for Energy Savings, 2017, [Brochure: Energy efficiency policies - Making the Energy Union work for citizens](#)

→ Ecofys and the Coalition for Energy Savings, 2017, [Critical review of the European Commission assessment for the Clean Energy For All Europeans package - Towards a cost benefit analysis](#)

### Key stakeholder recommendation

⇒ The Coalition for Energy Savings calls for a binding 40% energy efficiency target for 2030.



## Certainty means investments



### What does the Commission propose?

- Art 7 ends in 2020. The Commission proposes lifting this sunset clause by requiring Member States to continue achieving annual savings every year from 2021 to 2030, and in subsequent periods, unless the Commission, in its reviews, concludes that this is no longer necessary in order to meet the EU's targets.
- Member States still have the possibility to opt for setting up an Energy Efficiency Obligation Scheme or/and alternative measures, which are put on a more equal footing.
- The link between the different periods is however unclear, and would not allow for accounting for activities with a longer-term savings effect. This would be better achieved with one single period.



### What is the Council discussing?

- The first presidency compromise proposals support extending Art 7 until 2030 but introduce another sunset clause in 2030.

### Key facts

- The measures put in place or planned in the context of Art 7 not only secure the single largest contribution to achieve the 2020 energy efficiency target, they also provide an outlook to the market for energy efficiency services and products.
- Cost-effective energy efficiency programmes directly lower bills for participating customers. Recent research analysing programmes under Art 7 shows that it has been five times cheaper to save one unit of energy than it is to supply it (RAP, 2017).
- The programmes also indirectly lower bills for everybody, thanks to financial savings on the power system.
- It is important that the 2020 sunset is not replaced by a new end date.
- In order to trigger a regular uptake of energy efficiency measures and an outlook for the energy efficiency markets, savings achieved during one period (e.g. 2014-2020) should be maintained over the next period(s) (e.g. 2021-2030).

### More information

→ RAP, 2017, [Benefits to Consumers and Climate of Art 7 of the Energy Efficiency Directive](#)

### Key stakeholder recommendation

⇒ The Coalition for Energy Savings calls for supporting the Commission's proposal to provide a long-term outlook for annual energy savings, and for ensuring that each year's savings build on the previous year's efforts.



## 1.5% annual savings mean business



### What does the Commission propose?

- Art 7 was conceived so that Member States secure new savings equivalent to 1.5% of energy sales each year. This is currently not achieved because Member States are allowed to use different options to reduce savings to only 0.75% per year.
- The possibility for Member States to exclude transport energy consumption from their baseline when calculating annual savings requirements is maintained, despite significant potential remaining in this sector and across the economy.
- The Commission also maintains the options for Member States to deliver less than the 1.5% savings (up to 25% of the calculated target), with the use of 'statistical tricks'.



### What is the Council discussing?

- The first presidency compromise proposals do not suggest major changes to the Commission's proposals.

### Key facts

- All Member States but Sweden are using the possibility to exclude transport energy consumption from their baseline when calculating the energy savings needed to fulfil their 1.5% objective. An important energy savings potential remains in the transport sector.
- Back in 2012, exemptions were seen as a way to take into account national differences. In practice, 'statistical tricks' such as the possibility to reduce the savings by an amount equivalent to a part or all of the energy sold to ETS industries and to count savings resulting from actions already implemented before the EED adoption were largely used to lower the delivery of energy efficiency improvements.
- These exemptions should only be maintained if 'statistical tricks' are removed; and if the measures reported contribute to the achievement of the EU's energy efficiency goal and fulfil the same requirements on planning, reporting, monitoring and verification as end-use savings measures under Article 7. This would ensure energy savings through real efficiency improvements in the energy transformation, distribution and transmission.

### More information

→ Rosenow, J., Leguijt, C., Pato, Z., Fawcett, T., Eyre, N., 2016, An ex-ante evaluation of the EU Energy Efficiency Directive - Art 7. Economics of Energy & Environmental Policy 5(2)

### Key stakeholder recommendation

⇒ The Coalition for Energy Savings calls for including transport energy consumption in Art 7 baseline calculation and for addressing the issue of exemptions.