BRIEFING – Energy Efficiency Directive Art 7 in Council negotiations

Impact of different options on deploying or slowing down the energy savings economy

May 2017

With 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 more 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, the annual energy savings requirement, is extended beyond 2020 to provide a regular growth perspective for energy efficiency markets.

Following the examination of the text by Member States at technical level, the Maltese Council Presidency has proposed a number of compromise proposals which have so far only weakened the Commission's proposals: the binding target has become **indicative**, the **2050** perspective for Article 7 was removed, the annual savings requirement has been reduced from 1.5% to **1.4%** and **additional loopholes** have been introduced which would lower **effective delivery to 0.35% new savings per year**[1]. In particular the idea to double count long-term savings is not a helpful way to correct the design flaw in the Commission's proposal savings periods, which foresees that every 10 years the clock is reset.

At working level, several Member States, including **DE**, **FR**, **SE**, **DK**, **IE**, **LU**, and the **NL** have opposed the lowering of Article 7 target. A group of countries led by **CZ**, including the **UK**, **HU** and **CY**, have even suggested making Article 7 'indicative', which was rejected by the **Commission**. At an informal meeting of energy ministers in Malta on 18th May, a number of Member States have argued in favour of a binding target and keeping Article 7 ambition.

On 24 May, the Presidency has proposed a new text, which will be discussed at technical level with the objective to form a general approach by the 26 June Energy Council. This briefing aims at comparing the main options on Article 7 and their impact on the energy savings economy.

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

More information: [Position paper on The Clean Energy for All Europeans package]

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

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[1] The impacts are either derived from DG Energy non-paper from 24 May 2017 or by extrapolating findings from the Commission's impact assessment. The non-paper makes conservative assumptions, meaning that the impact of the loopholes could be much higher in reality.

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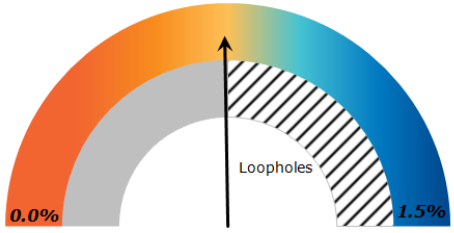
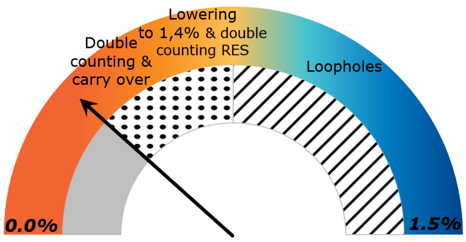
Article 7 – What are the options?



The Commission proposes to continue the current Article 7 set-up without major changes. In particular the proposal keeps the loopholes, which means that **only half of the 1.5% annual savings is secured**.



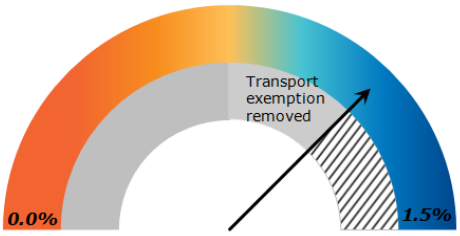
The compromise proposal from **the Maltese presidency** (24/05/2017) proposes to reduce the annual savings requirement to 1.4% and to introduce additional loopholes:

i) Counting installation of small scale renewable energy in buildings, which would mean that renewable energy counts double, towards efficiency and renewable targets.

ii) Counting long term savings double, i.e. not only in the first but also in the second period.

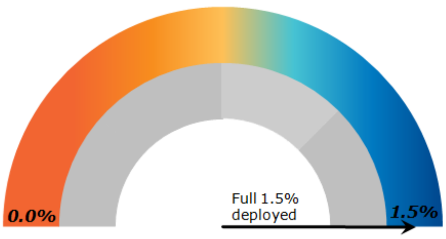
iii) Carrying over excess savings from the first period into the post-2020 period, which has a large impact on the next period and create a risk of stop-and-go policies.

Impact: **Up to 878,000 jobs could be destroyed and gas imports increased by 9.8%.**



Germany on the other hand supports the Commission proposal and asks for removing the transport loophole, which is also proposed by the draft opinion from MEP Jytte Guteland for the European Parliament Environment committee.

Impact: **800,000 jobs would be created and gas imports reduced by 9.1%**



Energy efficiency stakeholders believe that it is feasible and desirable to remove all exemptions and statistical tricks to achieve a full 1.5% annual savings which will maximise benefits for citizens and companies.

Impact: **1.6 million jobs would be created and gas imports would be reduced by 18.4%.**

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