

The Coalition for Energy Savings

Feedback on the public consultation regarding the review report on the Governance Regulation

The Coalition for Energy Savings would like to thank the European Commission for the opportunity to provide its views on the functioning and effectiveness of the Governance Regulation.

The adoption of the Governance Regulation was a major milestone in the EU's energy and climate legislative framework as it streamlined the different climate and energy planning and reporting requirements, in particular through the introduction of the National Energy and Climate Plans (NECPs) and the regular progress reports.

It also facilitated an integrated approach to the EU's and national energy and climate policies based on the five dimensions of the Energy Union (decarbonisation, energy efficiency, energy security, internal energy market, and research, innovation and competitiveness).

Notwithstanding these positive developments, **on the energy efficiency dimension, there are some instances where the Governance Regulation did not fully deliver on its objectives.**

- The new Regulation did not manage to put in place the necessary mechanisms to address the insufficient national ambition to achieve the EU 2030 energy efficiency target. Indeed, according to the [Commission's EU-wide assessment of the integrated NECPs](#), Member States' energy efficiency pledges did not add up to the 2030 EU energy efficiency target of 32.5% (PRIMES 2007 scenario), with a gap of 2.8% for primary energy consumption and 3.1% for final energy.
- The Governance Regulation introduced for the first time in EU law a definition of the Energy Efficiency First (EE1st) principle, which was useful to raise awareness about the importance of prioritising demand-side resources. However, this inclusion did not lead to a systematic application of the principle in national policies and the consideration of energy demand reduction measures on an equal footing with supply-side resources. Indeed, the Commission's assessment found that *"most final NECPs only set out limited details on the application of this principle"*.
- The integrated NECPs (due end 2019) were out of sync with the Energy Performance of Buildings Directive's (EPBD) Long-term renovation strategies (due March 2020) which limited the positive synergies for national planning of building renovations. A similar situation is likely to occur as the EPBD is still currently under revision and the final text might only be adopted close to the deadline for submitting the final NECP updates.

The new 2023 Energy Efficiency Directive (EED), just agreed by co-legislators, introduces new requirements and tools to address the first and the second points, going beyond the Governance Regulation. For instance, an "Ambition Gap Mechanism" is introduced for final energy contributions to solve the gap by design between Member States' declared contributions and the 2030 EU energy efficiency target. The new EED also introduces a specific article on the EE1st principle, providing a clear

legal basis for its streamlining in energy-related decisions and investments, and requiring the consideration of the broader societal benefits of energy savings in cost-benefit analyses.

These positive additions are however currently not yet reflected in the Governance Regulation, which is now out of sync with many of the changes introduced by the Fit for 55 package, including the EED.

In that context, **the Coalition for Energy Savings welcomes a timely revision of the Governance Regulation** in order to both align it with the new EED, as well as to address the remaining missing elements needed to set up a strong legislative framework, such as the binding character of national energy efficiency contributions or the extension of the “Ambition Gap Mechanism” to primary energy contributions. The revision of the Governance Regulation can also contribute to setting a pathway for energy efficiency progress well beyond 2030, with, for example, intermediate milestones and targets for 2035 and 2040, in coherence with the upcoming EU 2040 climate target.