

Coalition for Energy Savings response to Consultation on the Review of Directive 2012/27/EU on Energy Efficiency

Information about the respondent

***Are you answering on behalf of an organisation or institution?**

- Yes, I am answering on behalf of an organisation or institution
- No, I am answering as an individual

***If you are answering on behalf of an organisation or institution, please enter the full name of your organisation or institution:**

Coalition for Energy Savings

***Please enter your email address:**

secretariat@energycoalition.eu

***If you are answering on behalf of an organisation or institution, please specify which category best describes your organisation or institution from the list below.**

- Central public authority
- Local public authority
- Private company
- Utility
- International organisation
- Workers organisation/association/trade union
- Non-governmental organisation (NGO)
- Industry/business association
- Other interest group organisation/association
- Consultancy
- University
- Think Tank/research institute
- Political party/organization
- Other (please specify)

Association representing businesses, professionals, local authorities, trade unions, consumer and civil society organisations.

***Does your organisation or institution primarily deal with energy issues?**

- Yes
- No

Please indicate your principal country or countries of residence or activity:

- | | | |
|--------------------------------------|--|--------------------------------------|
| <input type="radio"/> Austria | <input checked="" type="radio"/> Belgium | <input type="radio"/> Bulgaria |
| <input type="radio"/> Croatia | <input type="radio"/> Cyprus | <input type="radio"/> Czech Republic |
| <input type="radio"/> Denmark | <input type="radio"/> Estonia | <input type="radio"/> Finland |
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| <input type="radio"/> Portugal | <input type="radio"/> Romania | <input type="radio"/> Slovakia |
| <input type="radio"/> Slovenia | <input type="radio"/> Spain | <input type="radio"/> Sweden |
| <input type="radio"/> United Kingdom | <input type="radio"/> Other (please specify) | |

***How would you prefer your contribution to be published on the Commission website, if at all?**

- Under the name indicated (I consent to publication of all information in my contribution and I declare that none of it is under copyright restrictions that prevent publication)
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Part I – General questions

1. Article 1: Subject matter and scope and Article 3: Energy efficiency target

Article 1 provides the general framework for the promotion of energy efficiency within the Union in order to ensure the achievement of the EU 20% energy efficiency headline target by 2020. In addition and more specifically, **Article 3** requires that each Member State sets an indicative national energy efficiency target based on either primary or final energy consumption, primary or final energy savings or energy intensity. In setting the targets, Member States should take into account a number of provisions set out in Article 3(1).

As regards the EU energy efficiency target for 2030, the European Council agreed in October 2014 on an indicative target at the EU level of at least 27% (compared to projections) to be reviewed by 2020 having in mind an EU level of 30%. Therefore, the existing policy framework should be updated to reflect the new EU energy efficiency target for 2030 and to align it with the overall 2030 Climate and Energy framework.

1.1. What is the key contribution of the EED to the achievement of the 2020 energy efficiency target?

By providing a comprehensive legislative framework for 2020 and beyond, including EU and national targets and minimum requirements for national programmes and measures that build on the EU efficiency standards for products, buildings and vehicles, the EED significantly increases national activities, strategic thinking and investments in energy efficiency improvements and provides a first step for correcting the failures of today's supply dominated energy markets. All measures in the EED need to be implemented to their full extent in order to ensure that the 2020 target is met. The Coalition for Energy Savings has developed a Guidebook for strong implementation of the Directive (<http://eedguidebook.energycoalition.eu/>).

1.2. How has the EED worked together with the Effort Sharing Decision, other energy efficiency legislation (on buildings, products and transport) and ETS? Could you describe positive synergies or overlaps?

The EED provides the overall direction for all energy efficiency legislation by setting targets and national measures, building on EU standards for buildings, products and transport. Coordination on all fronts is needed to unlock the full potential for energy savings and their related multiple benefits.

The EED and ESD are intrinsically linked as saving energy is the first and biggest cost-effective national measure to reduce non-ETS GHG emissions. However, they have only worked together to a limited extent. New and additional energy savings from continuing EED requirements to 2030 will significantly contribute to realising the EU GHG target for the non-ETS sectors.

Many of the barriers to energy efficiency are not and cannot be effectively dealt with by pricing instruments like the EU-ETS. This is illustrated by the low level of energy savings attributed to EU-ETS in the NEEAPs.

1.3. How has the EED worked together with existing national legislation? Could you describe any positive synergies or overlaps?

The EED works in coordination with national legislation and measures, and drives the creation of new national energy efficiency legislation and continuation of existing legislation.

The increase in the number of Energy Efficiency Obligations in the EU is a clear indication of the role of the EED in driving the national legislation.

In addition, the EED implementation has helped establish, maintain, and increase national financing instruments, for example, additional capacities to KfW in Germany and the Dutch government support for Zero Energy Homes at Zero Upfront Costs (Stroomversnelling).

The increased engagement of efficiency and other stakeholders in many countries, improves the support and ownership of programmes and measures.

1.4. What are the main lessons learned from the implementation of the EED?

The implementation of new policies is ongoing in many Member States as introducing new and effective policies takes time and requires knowledge and expertise to be developed. However, over 3 years after adoption of the EED and 1.5 years after the transposition deadline, many new policy measures are still on the drawing board. Lack of political priority is one reason for this. We note that the Commission is stepping up enforcement. But where capacity is lacking more support from the Commission to build capacity may be useful to accelerate the introduction of effective policies and increase political commitment.

The current ending of key articles in 2020 is a barrier to implementation. To ensure predictability and investor stability a continuation of the EED framework is necessary. This includes the continuation of article 7 beyond 2020. This will incentivise the creation of long-term measures and schemes to deliver savings, building on experience of creating successful and effective schemes.

1.5. Which factors should the Commission have in mind in reviewing the EU energy efficiency target for 2030?

Tapping the full cost-effective potential for energy savings must be the aim of the EU energy efficiency target for 2030. Research for DG Energy shows that the EU could cost-effectively save 40% of its energy consumption by 2030. A 40% energy efficiency target ensures cost-effective investments and makes achieving the targets for renewable energy and greenhouse gas emission reductions cheaper for consumers and the economy. The European Parliament has repeatedly called for a binding 40% energy efficiency target for 2030.

The Commission must improve its impact assessment approach and move from least-cost to a cost-benefit-analysis of energy efficiency in order to address it on its own merit and honour it as the political priority it is. This means that costs and benefits should be compared from a public policy making perspective using social rather than private discount rates. Building on that, the multiple benefits and impacts of energy efficiency to all dimensions of the Energy Union, as well as economic growth, jobs, and competitiveness, should be considered.

The recent Paris agreement on climate change and 1.5°C limit will require a stepping up of energy efficiency policies.

1.6. What should the role of the EU be in view of achieving the new EU energy efficiency target for 2030?

The EU must propose a binding 40% energy efficiency target for 2030. The EU must secure the maximum accountability for all relevant actors, as expressed by a binding target, which while being complemented with minimum and harmonised EU policies and requirements, in particular internal market issues, leaves the necessary flexibility to MS. The EU should provide the long-term ambition and strategy to ensure investor certainty.

The implementation of policies and measures should be closely monitored and enforced by the European Commission, which should also provide Member States with clear guidance. The European Commission should assess national targets to ensure that the 2030 target will be achieved, and, if progress is not sufficient, propose additional measures.

Article 194 of the Treaty states that one of the aims of EU energy policy should be to promote energy efficiency and savings and the European Parliament and Council should establish measures to achieve this objective.

1.7. What is the best way of expressing the new EU energy efficiency target for 2030:

- Expressed as energy intensity
- Expressed in an absolute amount of final energy savings
- Expressed in both primary and final energy consumption in 2030
- Expressed only in primary energy consumption in 2030
- Expressed only in final energy consumption in 2030
- Other (please specify)
Expressed in an absolute amount (Mtoe) of both primary and final energy savings

1.8. For the purposes of the target, should energy consumption be:

- Expressed as energy, regardless of its source (as now)
- Expressed as avoided non-renewable energy
- Expressed as avoided fuel-use (but including biomass)
- Other (please specify)

2. Article 6: Purchasing by public bodies of energy efficient buildings, goods and services

One of the objectives of the EED is to improve and strengthen energy efficiency through public procurement. **Article 6** of the Directive states that Member States shall ensure that central governments purchase only products, services and buildings with a high energy-efficiency performance. The central governments of the Member States should “lead by example” so that local and regional procurement bodies also strengthen energy efficiency in their public procurement procedures.

The Commission is carrying out an assessment of Article 6 of the EED and the preliminary findings show a rather limited experience in the Member States so far in implementing the requirements of Article 6. One of the main barriers to implementing the requirements is the lack of clarity and guidance across the existing EU rules on public procurement. On the other hand, experiences in some Member States indeed demonstrate that the measures required by the EED on public procurement have helped to educate and involve procurement bodies in the use of energy efficiency criteria, spreading the exemplary role of central governments also at regional and local levels.

2.1. In your view, are the existing EU energy efficiency requirements for public procurement sufficient to achieve the needed impact of energy savings?

No.

There is no coherent and ambitious set of rules in place. Certain rules are included in the EED and others in the new Public Procurement Directive (PPD) (2014/24/EU). Energy use during product use must be taken into account in awarding public tenders but no specific energy efficiency requirements are set.

The splitting of contracts for energy services into lots must not become a rule, as it would limit the use of EPC and other overall energy service contracts by the public sector, potentially preventing achieving the maximum cost-effective and guaranteed energy savings.

2.2. How could public procurement procedures be improved in the future with regard to high energy efficiency performance?

The requirements should be extended to all public authorities to cover all public contracts, and clear and ambitious energy performance levels should be set (including for new and existing buildings).

The process of developing common Green Public Procurement (GPP) criteria for Member States should be enforced by the revised EED. Since the application of the GPP criteria is currently voluntary, the revision process should aim to more harmonised rules. Common methodologies and information should be provided on the cost evaluation of a product over its life cycle. Common methodology and rules on the GPP indicators and monitoring should be set at EU level.

Overall energy management should be promoted by removing provisions on split tendering in public sector for energy-efficiency service contracts, and more support should be provided for capacity building in the public sector.

2.3. Do you think that there is sufficient guidance in your country to characterise "energy efficient products, services and buildings"?

No.

The guidance needs improving. While information is available from energy labelling requirements for many energy-using products, very little is available on energy-related products. Further use of energy labelling is needed to provide guidance on energy related products where appropriate.

For buildings, in general, more harmonised methodologies and guidance should be considered. Energy Performance Certificates (EPCs) have been introduced along with performance criteria for the different energy classes; however their quality must be improved. The nZEB definition should also be clarified. As to services, we are not aware of any methods to assess their energy efficiency.

Public authorities could use further support in terms of capacity-building for the evaluation of life cycle and methodologies for monitoring energy performances.

More guidance is necessary to support the bundling of separate energy efficiency services investments within one authority and between different authorities.

2.4. Have you seen information campaigns or other public initiatives in your or in another EU country that explain public procurement of energy efficient products, services and buildings?

[No answer]

3. Article 7: Energy efficiency obligation schemes

Article 7 together with Annex V requires that Member States set up an energy efficiency obligation scheme to ensure that obligated parties (energy distributors and/or retail energy sales companies that are designated by each Member State) achieve a given amount of energy savings (1.5% annually) from annual energy sales to final customers over the period

2014 to 2020. As an alternative to setting up an energy efficiency obligation scheme, Member States may opt to take other policy measures to achieve energy savings among final customers to reach the same amount of savings.

The Commission is required to assess the implementation of this Article and submit a report by 30 June 2016 to the European Parliament and the Council, and, if appropriate, to supplement the report with a legislative proposal for amendments.

In line with the EED, Member States had to notify the measures and methodologies on implementation of Article 7 by 5 December 2013. Further information from Member States was received in the notified National Energy Efficiency Action Plans (due by April 2014).

According to the latest available information from the notifications received from Member States¹, 16 Member States notified an energy efficiency obligation scheme by putting an obligation on utilities to reach the required cumulative energy savings by 2020 under Article 7. Four Member States out of these (Bulgaria, Denmark, Luxembourg and Poland) will use it as the only instrument to achieve the required energy savings. 12 Member States (Austria, Croatia, Estonia, France, Ireland, Italy, Latvia, Lithuania, Malta, Slovenia, Spain and United Kingdom) will use the obligation scheme in combination with alternative measures. On the other hand, 12 Member States (Belgium, Cyprus, Czech Republic, Germany, Greece, Finland, Hungary, Netherlands, Portugal, Romania, Slovakia and Sweden) have opted to only use the alternative measures to reach the required savings instead of putting obligations on utilities.

3.1. Are you aware of any energy efficiency measures that have been carried out or are planned in your country, by the utilities or third parties in response to an energy efficiency obligation scheme?

Yes.

The Coalition for Energy Savings is collating many positive examples of the benefits of ambitious energy efficiency policies in the context of the EED. We will publish this soon.

3.2. In your view, is Article 7 (energy efficiency obligation scheme or alternative measures) an effective instrument to achieve final energy savings?

Yes.

Article 7 holds Member States accountable to a measurable and significant outcome, while allowing for flexibility in the choice of instruments to suit national circumstances.

The latest national final energy targets show that the EU wide 2020 20% final energy target will be achieved. Article 7 is key to delivering the savings towards these targets.

EEOs can be cost-effective policies. Figures show that the cost of energy savings driven by the Danish EEO scheme are less than many other Danish energy efficiency and savings policy instruments (RAP, 2012, Best Practices in Designing and Implementing EEOs). EEOs result in more energy savings than would be obtained from an equivalent energy price rise alone and deliver long-term final energy savings (ecee, 2012, EEOs – the EU experience). While the cost of EEOs are passed on to consumers, the impact on individual bills is negligible, compared to other surcharges.

¹ <http://ec.europa.eu/energy/en/topics/energy-efficiency-directive/obligation-schemes-and-alternative-measures>

3.3. What are, in your view, the main challenges or barriers to implementing Article 7 effectively and efficiently in your country? Please select up to 5 options from the list.

- To select or introduce the right set of measures for achieving 1.5% energy savings (annually)
- Too great flexibility to use wide range of measures: energy efficiency obligation scheme and alternative measures
- Strong opposition from energy suppliers and distributors to set up an energy efficiency obligation scheme
- Lack of effective enforcement
- Lack of sufficient knowledge and skills of involved parties
- Lack of awareness (by the end-users) of the energy efficiency obligation schemes or alternative measures
- Developing the calculation methodology in line with the requirements of Annex V
- Ensuring sound and independent monitoring and verification of energy savings
- Avoiding double counting
- High administrative burden
- Ensuring consistent application of the requirements with other energy efficiency legislation (e.g. building codes)
- Limited timeframe (2014-2020) that makes it hard to attract investment for long term measures
- Other (please specify)

In some Member States there has been opposition from energy suppliers, distributors and regulators to setting up EEOs. However, in others the establishment of such schemes has been seen as an opportunity to diversify business models.

Ensuring sound and independent monitoring and verification is essential to ensure saving are truly achieved, costs for consumers are monitored and issues of double counting are overcome. The calculation methodology should encourage the use of longer term measures.

Providing clarity, simplification and improvements through this review will be important to improve implementation and administrative burden. One example is the data to be used as the baseline for the calculation of the target. This should be from one source, i.e. Eurostat, to avoid confusion and ease understanding of target calculations.

A lack of political priority at national level to implement Article 7 is part of the reason for slow implementation.

3.4. Do you believe that the current 1.5% level of energy savings per year from final energy sales is adequate?

- Strongly agree
- Agree
- Disagree
- Strongly disagree
- No opinion

Currently the minimum requirement only delivers 0.8% final energy savings. This is too low and at least 1.5% savings every year should be achieved. Allowing Member States to exclude the energy used in the transport and ETS sectors from the baseline used for calculating the target and to phase in savings and count savings from before 2014 must be removed.

The outcome of Article 7 must, at least, double in order to secure reaching cost-effective potentials across sectors.

3.5. Should energy efficiency obligation schemes have specific rules about energy savings amongst vulnerable consumers?

Due to low incomes, increasing energy prices and often energy inefficient houses, nearly 11% of EU citizens were unable to adequately heat their homes in 2012., The Commission should collect more data to assess whether and how best to address vulnerable consumers via the EED.

Since the definition of vulnerable consumers varies between Member States, it may not be possible for energy efficiency obligation schemes to have specific rules for vulnerable consumers prescribed by Article 7. It may be more appropriate for such rules to be considered at a national level when designing the measures, energy efficiency obligation schemes or alternative measures to implement Article 7.

However, the Commission should help Member States implement Article 7.7.a which states that "Member States may: include requirements with a social aim in the saving obligations.

4. Articles 9-11: Metering, billing information and cost of access to metering and billing information -

Articles 9-11 deal with consumer empowerment, by asking Member States to put in place requirements about metering, access to billing information and cost of access to metering and billing information, allowing consumers to make decisions about their energy consumption. These issues are also currently being looked at within the Electricity Market Design/Delivering a New Deal for Energy Consumers initiative. It may be relevant to consider certain aspects of these Articles in the EED review. The same is true for the subject of "demand response" (as set out in paragraph 8 of Article 15, but on this topic explicit questions were already included in the Market Design consultative communication published in July 2015).

4.1. Overall adequacy: Do you think the EED provisions on metering and billing (Articles 9-11) are sufficient to guarantee all consumers easily accessible, sufficiently frequent, detailed and understandable information on their own consumption of energy (electricity, gas, heating, cooling, hot water)?

No.

Consumers in many countries still find energy bills unclear, confusing and not timely enough to adapt their consumption pattern. Energy bills should be well-structured and accurate. Consumers equipped with smart meters should have the right to frequent, accurate bills.

Smart meters can help consumers to better manage their energy consumption, but need to be accompanied by additional efficiency measures and putting energy efficiency first in market design and pricing policies. Only if consumers understand the information they are given, have tools to optimise their energy consumption and are incentivised, will they become more energy efficient. As a first step all pricing incentives which are detrimental to energy efficiency must be removed, as required by Article 15.4 of the EED.

Member States should incentivise energy providers to develop training programmes for tenants/house owners to further optimize their use of smart meters and achieve higher energy savings.

4.2. Do you think it appropriate that the requirement to provide individual metering and frequent billing (Articles 9(1), 9(3) and 10(1)) is subject to it being technically feasible and/or cost effective?

Yes.

While the Guidance note on Articles 9-11 gives useful indications to Member States on ensuring that individual metering and frequent billing is technically feasible and/or cost effective, the note is not binding on Member States and is not sufficient to ensure that Member States make a thorough assessment of what is technically feasible and/or cost effective.

It is important that consumers receive clear information about all costs passed on to them due to the implementation of individual meters.

The term 'competitively priced individual meter' should be clarified as it is not clear if this term is identical with intelligent metering in Article 9 (2).

Results of individual and smart meters are mainly positive if combined with cost effective energy efficiency measures well designed together with tenants and home-owners. Any measure related to metering systems should take place within the framework of a multi-faceted approach to energy efficiency.

4.3. Should such conditions of being technically feasible and/or cost effective be harmonised across the EU?

No.

Conditions are different depending on Member States. However, a methodology/guidance to define these conditions should be provided by the Commission.

In addition, costs and benefits of individual metering should be regularly reviewed during their roll-out to ensure accuracy and that parameters such as consumer experience, quality of service, energy efficiency gains and financial impact on consumers are taken into account.

4.4. How would these conditions of being technically feasible and/or cost effective affect the potential for energy savings and consumer empowerment?

Yes.

Potential benefits for different groups of consumers, as well as, costs that may be passed onto them during or after the roll-out need to be carefully considered. For instance, for households with low energy consumption, the costs related to smart metering may outweigh the savings. On the other hand, this technology may help those who consume large amounts of electricity or, for example, households equipped with heat pumps or additional smart home components to better profit from sophisticated services or tariffs that may be provided in future 'smarter' energy scenarios.

Smart meters can have a positive impact on energy efficiency, but also represent significant risks if the roll out is not carefully assessed and/or expected benefits and protections are not delivered. The key challenge is how to raise awareness about consumption patterns and bring about a change in behaviour that will increase households' energy savings.

4.5. Smart meters: Do you think that A) the EED requirements regarding smart metering systems for electricity and natural gas and consumption feedback and B) the common minimum functionalities, for example to provide readings

directly to the customer or to update readings frequently, recommended by the Commission² together provide a sufficient level of harmonisation at EU level?

No.

It is important to make sure that any meters across the EU are compatible with future developments.

If no, do you think the common minimum functionalities should be the basis for further harmonisation?

ACER/CEER Annual Market Monitoring Report 2014³ describes different requirements set by Member States, as well as a lack of minimum technical functionalities and other requirements for smart meters to ensure benefits are delivered to consumers.

As majority of MSs have plans to roll-out smart meters, coordination at EU level is needed. Functionalities should allow for accurate bills, easy supplier switching, and access to free of charge real-time information on total household consumption.

Any meters should be compatible with future developments. Smart meters should open the door to innovative services, particularly those enabling more energy efficiency. Modularity by design, to avoid lock-ins and reducing future costs, is of key importance.

It important that strong consumer protection is in place over the whole life span of the smart meter.

4.6. What obstacles have national authorities/actors faced in introducing on a large scale individual meters that accurately reflect the final customer's actual energy consumption? Do you have any good experiences to share on how to overcome these obstacles?

In 2009 in the Netherlands, the Senate blocked the initial law for the introduction of smart meters because of privacy and cyber security concerns. These concerns have been addressed in a revised law by providing an 'opt out' for consumers and by setting clear requirements on access and use of the data. Consumers can refuse to have a smart meter installed or a smart meter will be installed, but the functionality of online reading of energy consumption is disabled. In both cases, the consumer is responsible for providing accurate energy consumption data to the utility. Small-scale introduction of smart meters started already in 2005, and from 2012 on, the official roll-out of smart meters started for renovation, new-build and upon request of the consumer. These testing phases were successfully concluded and from 2015 on, a smart meter will be installed with every consumer for free.

5. Article 20: Energy efficiency national fund, financing and technical support

The analysis of the July 2014 Energy Efficiency Communication and the recent EEFIG Report⁴ showed that the energy efficiency investment market is still relatively small scale

² C(2012)1342

³ http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Publication/ACER_Market_Monitoring_Report_2015.pdf

⁴ EEFIG - Energy Efficiency Financial Institutions Group Report: Energy Efficiency – First fuel for the EU economy, 2015, www.eefig.eu

compared to its potential or the volumes needed to meet the EU's 2030 objectives. The European Structural and Investments Funds address the market gaps related to investment projects including those in energy efficiency, and the European Fund for Strategic Investments provides EU guarantee for investment projects – including those for energy efficiency. The European Energy Efficiency Fund carries relevant lessons.

Moreover, significant funding for energy efficiency comes from national public sources and the private sector. The effectiveness and impact of energy efficiency investments funding strongly depends (*inter alia*) on the implementation of the energy efficiency legislation, including the EED.

5.1. What should be the most appropriate financing mechanisms to significantly increase energy efficiency investments in view of the 2030 target?

The precondition is a stable investment outlook and public support driven by ambitious national targets and Article 7 requirements.

The mechanisms required to increase the scale, effectiveness and impact of energy efficiency investments are firstly associated with making sure public finance focuses on addressing specific market failures, secures high public value outcomes and enables risks to be shared with the private sector. The aim would also be to make private capital available for investments in energy efficiency. There is also a need to scale up technical assistance as shown through the large demand for support through the European Investment Advisory Hub. This will ensure there is a strong and investable project pipeline and aggregation of different sources of investment for energy efficiency from national schemes, private financing, EIB schemes, the European Structural and Investment Funds and the European Energy Efficiency Fund.

5.2. Should there be specific provisions aimed at facilitating investment in specific areas of energy efficiency?

Yes.

If yes, specify your answer from the below list:

- Building renovation
- Efficient appliances and equipment in households
- District heating and cooling network development
- Energy use by industries
- SMEs
- Companies
- City and community infrastructures in relation to transport, waste heat recovery, waste-to-energy
- Other (please specify)

There is a need for simplified access to EU funding, funds from European Fund for Strategic Investments(EFSI) to dedicated to energy efficiency investments, such as the ones listed under this question, stronger technical assistance efforts for energy efficiency investments by local and regional authorities (such as ELENA), more targeted financial instruments for local and regional energy efficiency investments, and fast-tracking of energy efficiency investment projects in the project pipeline of European Investment Bank and EFSI.

Schemes that provide a wide range of services should be encouraged.

Support for investments in increasing energy supply should only be granted when it can be established that the entire life-cycle costs and benefits of investments in energy efficiency

improvements are adequately represented, and can be compared on equal terms with these investments, including increasing generation capacity, and distribution and transmission infrastructure.

5.3. Do you agree that one way to increase the impact of energy efficiency investments could be through making the energy performance/savings monitoring mandatory under Article 20 whenever public funds/subsidies are used for EE investments? Such monitoring could be done, for example, via on-line platforms, by users in the regular intervals.

- Strongly agree
- Agree
- Disagree
- Strongly disagree
- No opinion

6. Article 24: Reporting and monitoring and review of implementation

The Energy Union Strategy foresees an integrated governance framework for EU energy and climate policies to ensure that agreed climate and energy targets are reached and to enable Member States to better coordinate their policies at a regional level.

6.1. Do you think that the existing reporting and monitoring system under the EED is a useful tool to track developments with regard to energy efficiency in Member States?

Yes.

6.2. Do you think that the reporting of national indicators (for example, value added/energy consumption, disposable income, GDP etc. for year (n-2)⁵ under Annex XIV (1)(a) of the EED should be simplified?

A binding and standardised template for reporting would make reporting easier, more transparent and comparable, thus allowing developments and implementation of energy efficiency policies to be more easily and effectively tracked by the European Commission and stakeholders. Standardised energy data, definitions and indicators should be used to increase transparency and provide clarity.

Replying also to the question 6.1: Planning and reporting of policies and measures is important to allow progress, or lack of progress, to be monitored both by the European Commission, the European Parliament and stakeholders. The existing reporting and monitoring system under the EED is functioning, but it could be much more effective if a binding template and standardised energy data, definitions and indicators were used to increase transparency, provide clarity and allow for scrutiny. Reporting based on indicators cannot replace qualitative reporting on measures.

6.3. Do you think additional indicators (in addition to those referred to in Annex XIV (1)(a) – (e)) are needed to improve monitoring to assess Member States' progress towards their energy efficiency targets?

Yes.

⁵ In the year before last [year X(1) – 2], where "X" is the current year.

Indicators on public and private investments in energy efficiency and resulting indicators such as the numbers of jobs created should be added. This would increase the visibility and understanding of the multiple benefits of energy efficiency and how having ambitious targets for energy efficiency can drive these benefits.

Part II – Technical questions (on Articles 6 and 7)

7. Article 6: Purchasing by public bodies of energy efficient buildings, goods and services

7.1. Do you believe that measures on public procurement of energy efficient products, services and buildings should become mandatory also for public bodies at regional and local levels?

Yes.

The current Article 6 links measures on public procurement of energy efficient products, services and buildings to cost-effectiveness. Hence, regional / local authorities would save money over the lifetime of such investments. The scope of public procurement rules should be extended to all public authorities to cover all public contracts, and clear and ambitious energy performance levels should be set (including for new and existing buildings). Guidance and financial instruments could be targeted towards local and regional authorities.

7.2. In your view, what are the main barriers that preventing the use of energy efficiency requirements in the existing public procurement procedures (please select from the list and explain your reply:

- There is a lack of awareness about the use of energy efficiency requirements in public procurement*
- There is insufficient expertise and/or knowledge on the use of energy efficiency requirements in public procurement*
- Thresholds are too high which is why energy efficiency requirements do not apply to many contracts*
- Incompatibility of energy efficiency requirements with other procurement criteria (sustainable requirements, low price, safety requirements, technical requirements)*
- Higher energy efficiency criteria in public procurements may imply higher prices*
- Lack of clarity of the energy efficiency requirements for public procurement*
- Energy efficiency requirements for public procurement are not very clear and difficult to check*

The main reasons for our reply are that:

- Since public authorities often work on the basis of annual budgets, public authorities tend to look at expenses during the current year, instead of life cycle costs spread over many years.*
- Public authorities are often not aware of the life cycle approach and do not understand what it means for a particular public contract (energy-using products, buildings, etc.). They also lack energy managers who are able to conclude energy-efficiency services contracts*
- Split tendering prescribed by the Public Procurement Directive is a burden to overall energy-efficiency services contracts in the public sector.*

7.3. In your view, should all EU public procurement rules relating to sustainability (including in particular energy efficiency in buildings, the use of renewable energy sources, etc.) be gathered into a single EU guidance framework?

The Commission should ensure coordination and coherence between different pieces of legislation, which could work as different “modules” of the same topic, i.e. public procurement rules.

7.4. Do you think that there is sufficient guidance/framework to know what is meant by "energy efficient products, services and buildings"?

Yes.

The guidance needs improving. While information is available from energy labelling requirements for many energy-using products, very little is available on energy-related products. Further use of energy labelling is needed to provide guidance on energy related products where appropriate.

For buildings, in general, more harmonised methodologies and guidance should be considered. Energy Performance Certificates (EPCs) have been introduced along with performance criteria for the different energy classes; however their quality must be improved. The nZEB definition should also be clarified.

As to services, we are not aware of any methods to assess their energy efficiency.

Public authorities could use further support in terms of capacity-building for the evaluation of life cycle and methodologies for monitoring energy performances.

More guidance is necessary to support the bundling of separate energy efficiency services investments within one authority and between different authorities.

7.5. While energy efficient products will be cheaper to operate, their initial cost might be higher and a longer period of time will be needed to "pay back" this higher cost. Is this a problem and if so, how can public authorities overcome it?

This is a problem. Since public authorities often to work on the basis of annual budgets, public authorities tend to look at expenses during the current year, instead of life cycle costs spread over many years. Consideration may be given to whether annual energy savings could be better accounted for in public budgets during the lifetime of the investment.

8. Article 7: Energy efficiency obligation schemes

8.1. Emerging evidence suggests that most of the measures introduced under Article 7 have long lifetimes (20-30 years) and will continue have an impact beyond 2020. Do you share this view?

No.

There is insufficient evidence of lifetimes of measures, and where it is reported by Member States there are concerns that they are overestimated. The ending of Article 7 in 2020 is an obstacle to measures with long lifetimes and can lead to “stop and go” policies.

8.2. What is your view on the potential benefits (listed) of energy efficiency obligation schemes?

	Strongly agree	Agree	Disagree	Strongly disagree	No opinion
Lower energy bills for consumers	<input checked="" type="checkbox"/>				
Better awareness of energy efficiency potential by consumers	<input checked="" type="checkbox"/> <i>Some Member States have used training and education measures to achieve their article 7 requirements. Ricardo AEA (2015) estimates that across all MS, 2.4Mtoe of proposed savings should be delivered by such measures.</i>				
Better relationship between energy suppliers, distributors and customers		<input checked="" type="checkbox"/>			
Lower energy generation (and transmission) costs for the utilities					<input checked="" type="checkbox"/> Generation and transmission/ distribution costs are determined by energy mix and market design rather than EEOs. However, EEOs reduce the energy system costs: reduced capacity reserves, reduced line losses, reduced network costs, reduced CO2 charges, and reduced generation costs.

Improved business and administrative environment for up-coming innovative energy services	<input checked="" type="checkbox"/>				
Aggregation of small-scale investments (pooling/bundling)	<input checked="" type="checkbox"/> EEOs encourage the development of standardised solutions for energy efficiency which can be used with a pool of consumers, such as energy efficiency measures in multi-owner apartment blocks.				
Development of new financing models – e.g. energy performance contracting	<input checked="" type="checkbox"/>				
Stimulation of energy efficient renovation of buildings	<input checked="" type="checkbox"/> There are good practices to promote renovation of buildings by way of the EEO. Ambitious measures should be promoted to ensure the maximum is delivered.				
Increased competitiveness in the energy markets	<input checked="" type="checkbox"/> EEOs provide a way for utilities to diversify their business, making them fit for the energy transition and to improve competitiveness, if markets are further developed.				
Other	<input checked="" type="checkbox"/> Increased competitiveness in industry. When cost-effective measures are applied energy costs can be reduced which can provide a				

	competitive advantage.				
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8.3. Are you aware of any developments in the energy services markets that have benefited particular actors (e.g. service providers, suppliers, distributors, etc.) in Member States having an obligation to define the obligated parties under the energy efficiency obligation scheme?

The Coalition for Energy Savings is collating many positive examples of the benefits of ambitious energy efficiency policies in the context of the EED. We will publish this soon.

8.4. If you think that some requirements of Annex V need more precise guidance please list those requirements and specify briefly what further information you think would be useful.

There is a need to clarify that savings from the implementation of EU harmonised standards (i.e. Ecodesign, EPBD, CO2 standards for vehicles) must not be counted towards fulfilling the requirements of Article 7. A very significant share of savings must be related to increased activity levels from additional measures, for example, increasing energy renovation and product replacement rates and the provision of new infrastructure.

Part of the obligation set out in Article 7(1) may be fulfilled by contributing into fund referred to in Article 20(6). However, it should be ensured that any money taken via consumers' energy bills to contribute to the fund should be redirected back to consumers.

8.5. As you might know, the current framework of Article 7 is set until 2020, linked to the energy efficiency target for 2020, which will expire at the end of 2020. In your view, should the Article 7 obligations continue beyond 2020 in view of the new energy efficiency target for 2030?

Yes.

Many countries only began developing their measures and schemes in the last couple of years. Deleting this so called "sunset clause" would incentivise the creation of long-term measures and schemes to deliver savings, build on the experience of creating successful and effective schemes, and provide increased certainty for investors. If Article 7 is not extended, these schemes and measures may not continue beyond 2020, which would be a waste of the efforts to date. In addition, a longer outlook would also encourage the inclusion of measures which deliver savings over longer lifetimes.

If yes, what factors should be considered for the future Article 7 (please select up to 5 options from the list, and explain your reply if possible):

- The amount of savings to be achieved should be set at a more ambitious level for post 2020 (exceeding the existing 1.5%)
- The energy efficiency obligations scheme should be kept as the only possible instrument to achieve the required savings
- The possibility to choose between the energy efficiency obligations scheme and/or alternative measures should be retained
- The possibility to exclude sales in transport from the baseline should be removed
- The possibility to exclude sales in transport from the baseline should be kept but restricted to the fixed amount to ensure the level playing field

- The exemptions under paragraph 2 – applying a lower calculation rate (for the first years), and excluding sales in ETS industries, as well as allowing savings from measures targeting energy generation and supply – should be removed altogether
- The exemptions under paragraph 2 should be retained but the level and number of exemptions should be reviewed
- The possibility for 'banking and borrowing' energy savings from different years should be removed (paragraph 7(c))
- The possibility for 'banking and borrowing' energy savings should be kept with a possibility to count savings towards the next obligation period (paragraph 7(c))
- Other (please specify)

Exemptions, or rather 'statistical tricks', that reduce the minimum energy savings to be delivered and are used to reduce final energy savings per year must be removed. These concern:

- *Lowering the target calculation baseline by excluding energy used in the transport and ETS sectors.*
- *Phasing of savings and counting savings from before 2014, since these are now obsolete as measures will have been introduced and do not need a transition period, and savings before 2014 should have been included in schemes to 2020.*

At least 1.5% savings should be achieved every year. It must be ensured that EEOs or alternatives measures deliver new and additional savings.

The transfer of energy savings realised in one year to another year could be allowed in a controlled way to facilitate the planning and execution of policies and measures with a long-term energy savings perspective.

The outcome of Article 7 must, at least, double in order to secure reaching cost-effective potentials across sectors.

8.6. Do you think that the scope of eligible measures allowed under Article 7 should be clarified?

Yes

If yes, please explain your answer further:

- The scope of eligible measures should only be end-use energy savings (as it is at the moment)
- The scope of eligible measures should be expanded
- Other (Please specify)

The scope of eligible measures should be only end-use energy savings (as it is at the moment). However, measures should support the implementation of energy efficiency measures elsewhere in the supply chain (via Article 14 and 15), which help to reach the indicative national energy efficiency targets set under Article 3.

8.7. Would there be benefits in greater harmonisation of some of the requirements of Article 7 to allow more consistent implementation across Member States?

Provision of Article 7/Annex V	Strongly agree	Agree	Disagree	Strongly disagree	No opinion
Calculation methods	<input checked="" type="checkbox"/>				
Materiality	<input checked="" type="checkbox"/>				
Additionality	<input checked="" type="checkbox"/>				
Lifetimes	<input checked="" type="checkbox"/>				
Price demand elasticities ⁶ for taxation measures in real terms	<input checked="" type="checkbox"/>				
Indicative list of eligible energy saving measures		<input checked="" type="checkbox"/> Different measures are appropriate in different Member States. Therefore the list should not be prescriptive but a list of eligible measures which Member States can consider taking into account their specific national situation.			
Monitoring and verification procedures	<input checked="" type="checkbox"/>				
Reporting	<input checked="" type="checkbox"/>				
Other					

As well as harmonisation, there would be benefits from better guidance on all of these points.

8.8. What role should the EU play in assisting the Member States in the implementation of Article 7?

The implementation of policies and measures should be closely monitored and enforced by the European Commission. This will also help the Commission to better understand where they need to provide clearer guidance to Member States. The European Commission should

⁶ Price demand elasticity is a measure used in economics to show the responsiveness, or elasticity, of the quantity demanded of a good or service.

assess national targets to ensure that the 2030 target will be achieved, and, if progress is not sufficient, propose additional measures.

An EU level dialogue with stakeholders should also be established to aid the development and implementation of policies.

8.9. Please state which best practice examples could be promoted across the EU and how?

The Coalition for Energy Savings is collating many positive examples of the benefits of ambitious energy efficiency policies in the context of the EED. We will publish this soon.

8.10. Would it be appropriate and useful to design a system where some types of energy savings achieved in one Member State would count towards obligations carried out either by governments or by economic operators in another country, just as the option to cooperate on greenhouse gas emissions reductions already exists?

This should only be discussed when a country has demonstrated that its cost-effective potential for energy savings is fully tapped. It is clear that no country is currently at that stage.

8.11. Would it be appropriate and useful to design a system where energy efficiency obligations would also include elements aiming at gradually increasing the minimum share of renewable energy applicable to energy suppliers and distributors?

No. Energy efficiency obligations schemes on suppliers and distributors must be focused on improving energy efficiency. Measures to increase the share of renewable energy are complementary and additional.

8.12. Could the option of establishing an EU wide 'white certificate' trading scheme be considered for post 2020?

- Strongly agree
- Agree
- Disagree
- Strongly disagree
- No opinion

This should only be discussed when a country has demonstrated that the cost-effective savings potential is fully tapped. It is clear that no country is currently at that stage.

If the savings were traded monitoring and verification would be very important to ensure the energy savings were delivered. Therefore, there would need to be a strong verification system set up. Since measures vary between Member States, this would make verification systems complex to establish and administer.