

## Consultation on the Review of Directive 2012/27/EU on Energy Efficiency

In red: EGEC responses

### Introduction

This consultation is launched to collect views and suggestions from different stakeholders and citizens in view of the review of Directive 2012/27/EU on energy efficiency (Energy Efficiency Directive or EED), foreseen for the second half of 2016.

This review plays a prominent role as the Commission called on Member States to treat energy efficiency as an energy source in its own right in its Energy Union Strategy of 25 February 2015.<sup>1</sup>

The European Council of October 2014 agreed on an EU objective of saving at least 27% of energy by 2030 compared to projections and requested the Commission to review the target by 2020 *“having in mind an EU level of 30%”*. The existing policy framework should therefore be updated to reflect the new EU energy efficiency target for 2030 and to align it with the overall 2030 Framework for Climate and Energy.

Energy efficiency policies have been put in place by the EU for some time now and they have delivered tangible results. The Energy Efficiency Directive, Energy Performance of Buildings Directive<sup>2</sup>, Energy Labelling Directive<sup>3</sup> and EcoDesign Directive<sup>4</sup> are the key building blocks of the current energy efficiency framework. Many climate policies, such as the CO<sub>2</sub> performance standards for passenger cars and light commercial vehicles, also make a major contribution to improving energy efficiency. Thanks to these instruments, significant progress has been achieved by Member States in terms of energy savings over the past (five) years, contributing to the overall 2020 energy and climate policy objectives.

Public funding has played an important role by supporting the implementation of energy efficiency policies at national and regional level. There has been an increase

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<sup>1</sup> COM(2015) 80 final

<sup>2</sup> Directive(2010) 31

<sup>3</sup> Directive(2010) 30

<sup>4</sup> Directive(2009) 125

in financing over the last years due to greater importance of these policies in the context of the overall EU decarbonisation agenda. The European Structural and Investments Funds (ESIF) and the European Fund for Strategic Investments (EFSI) are key to unlocking the needed private investments for energy efficiency. On the other hand, the effectiveness and impact of energy efficiency investment funding strongly depends (*inter alia*) on the implementation of the energy efficiency legislation, including the Energy Efficiency Directive.

Many measures taken by Member States today will, in fact, continue contributing to the energy efficiency targets and to the broader energy and climate policy framework beyond 2020. Since the Energy Efficiency Action Plan<sup>5</sup> was adopted in 2011, the situation has greatly improved: primary energy consumption has continued to fall across the Union, with steady economic growth, and many Member States have successfully strengthened their national energy efficiency programmes.<sup>6</sup>

In line with the requirement of the EED (Article 3(2)), an assessment was carried out by the Commission in 2014 to review progress towards the EU 20% energy efficiency target for 2020, the findings of which were presented in the Energy Efficiency Communication, adopted on 23 July 2014.<sup>7</sup> An updated analysis of how Member States are achieving the 20% 2020 target on energy efficiency will be published as part of the State of the Energy Union package in November 2015.

Given the recent implementation date of the EED, this consultation focuses on examining the following elements of Directive:

- **Article 1 (subject matter and scope) and Article 3 (energy efficiency target)**: As required by the European Council of October 2014, which agreed the EU objective of saving at least 27% of energy by 2030 compared to projections and requested the Commission to review the target by 2020 “*having in mind [a level of savings of] 30%*”.
- **Article 6 (purchasing by public bodies of energy efficient buildings, goods and services)**: As required by the reporting obligation under Article 24(8) to review the effectiveness of implementation of Article 6.
- **Article 7 (energy efficiency obligation schemes)**: As required by the reporting obligation under Article 24(9) on the implementation of Article 7 and the need to address the obligation period that will expire after 2020.

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<sup>5</sup> COM(2011) 109 final

<sup>6</sup> SWD(2014) 0255 final

<sup>7</sup> COM(2014) 520 final

- **Articles 9 – 11 (metering, billing information and cost of access to metering and billing information)**: Consumer related aspects touched upon in these Articles are also addressed in the Internal Market Design/Delivering a New Deal for Energy Consumers initiative launched in parallel.
- **Article 20 (energy efficiency national fund, financing and technical support)**: The European Fund for Strategic Investments (Junker Plan) raises the importance to address the market gaps for energy efficiency investments.
- **Article 24 (reporting and monitoring and review of implementation)**: Given the new governance system to be introduced under the Energy Union in view of 2030 framework, currently being prepared in parallel to this exercise.

The questions of this consultation on the above articles are formulated so as to respect the requirements of the recently adopted Better Regulation Package<sup>8</sup> and to ensure that the results of this consultation are fed into two parallel processes: first, to assess whether relevant measures are efficient, effective, and coherent with the broader EU legislative framework, and second, to identify the most appropriate policy options to be considered for reviewing specific aspects of the EED as part of the impact assessment.

**Against this background, questions of a general nature for the general public are included in Part I. A set of questions of a technical nature for a more expert public is included in Part II. Respondents are invited to reply within the two parts to all the questions they consider relevant.**

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<sup>8</sup> Better Regulation Package (2015)

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## 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 as an individual, please enter your full name.**

*[Free choice: max. 100 characters]*

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

*European Geothermal Energy Council*

**\*If you are answering on behalf of an organisation or institution, please enter your full name and position title:**

*Philippe Dumas, Secretary General*

**\*Please enter your email address:**

*p.dumas@egec.org*

**\*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)

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

- Yes
- No

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

- |                                      |  |                                      |
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| <input type="radio"/> Austria        | <input checked="" type="radio"/> Belgium     | <input type="radio"/> Bulgaria       |
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| <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)
- Anonymously (I consent to publication of all information in my contribution and I declare that none of it is under copyright restrictions that prevent publication)
- Not at all – keep it confidential (my contribution will not be published, but it will be used internally within the Commission)

## 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?

*[Free choice: max. 1000 characters]*

*The key contribution of the EED has been to establish a number of measures to increase energy efficiency in EU Member States. In the heat sector, as the EED stems from the Energy Services and the CHP directives, there is a strong focus on large scale infrastructure, while small-scale heat infrastructure and technologies are only marginally addressed.*

*Building on the EU Heating and Cooling Strategy, this horizontal framework requires more effective implementation at Member State level, with greater consistency with other policies, including EPBD, Ecodesign, Energy Labelling, RES-D, Modernisation and Innovation funds.*

#### 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 main synergies concern the measures on buildings, one of the non-ETS sectors. Together with the RES-D, the EED has contributed to the over-achievement of ESD targets in many member states, especially in Central and Eastern Europe.*

*Further action on buildings and other sectors outside ETS (e.g. small-scale industrial installations) should be prioritised in order to offset the lack of carbon pricing in many MS, but this should always be in combination with the RES-D and EPBD.*

*[Free choice: max. 1000 characters]*

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

*The EED has improved most of existing national legislative frameworks, including in terms of thermal renovation and planning of heat infrastructure. In this regard, it has triggered actions in countries such as Italy, Germany, and France.*

*A positive overlap exists, for instance, between Article 14 of the EED and articles 13 (3-4) of the RES-D, requiring member states to recommend, in particular local and regional administrative bodies, to include heating and cooling from renewable energy sources in the planning of city infrastructure. The revised framework should also incentivise the uptake of smart thermal grids based on renewables and waste heat only and the fuel switch from fossil fuels to RES and waste heat in existing DH, including through conditionality in the use of EU funds (e.g. Modernisation and Structural funds).*

*[Free choice: max. 1000 characters]*

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

*It is still early to draw definitive conclusions. Some non-exhaustive conclusions are the following:*

- a) Measures triggering renovation of the existing building stock are so far not sufficient;*
- b) In the building sector deep renovation including the replacement of heating systems are more effective than a quick-fix-approach limited to insulation which can lock-in technologies not compatible with decarbonisation;*

- c) In the heat sector energy efficiency and renewable energy go hand in hand and face similar barriers; a cost-optimal approach should apply between reducing energy demand and providing sustainable supply (RES + waste heat) bearing in mind the decarbonisation objective;*
- d) There is a need to develop a system which brings liquidity into the energy services and heat markets;*
- e) The EEO schemes should be strengthened to take into account the above considerations.*
- f) EU public accounting and finance rules need to be reviewed to promote investments in the public sector*

*[Free choice: max. 1000 characters]*

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

- a. New findings on discount rates in investments in the building sector, applying not only to insulation but also the replacement of heat appliances.*
- b. The positive momentum on heating & cooling the growing recognition of efficient RES technologies, such as geothermal heat pumps and district heating in triggering positive outcomes in terms of energy efficiency and renewable energy at the same time.*
- c. A clear distinction between demand and supply side*

*[Free choice: max. 1000 characters]*

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

*The EU should continue and strengthen existing measures and include conditionality in the use of EU funding, facilitate MS efforts by reviewing State Aid and EUROSTAT rules on public finance (for special status to energy and climate-related investments) and reviewing EU taxation law (to promote green VAT).*

*Additionally, the EU should continue its current efforts in disseminating and exchanging best practices, including for training, information, capacity-building, and removal of other market-uptake barriers.*

*[Free choice: max. 1000 characters]*

**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)

**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) Expressed as energy, regardless of its source (as now), but for the sake of consistency with other policies (RES and GHG emissions reduction) a reference to avoided non-renewable energy/ CO<sub>2</sub> should be added.

## **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?**

*[Yes /No/No opinion; please explain your answer:]*

*No.*

- 1. The scope of Article 6 EED is too narrow (obligation applies to central governments only)*
- 2. Not enough guidance is given on what “products, services and buildings with high energy-efficiency” should be.*

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

- 1. The scope of Article 6 EED should be extended to all public authorities. For public contracts at regional and local level, group purchasing should be envisaged and referred to. EED and Public Procurement Directive should be better aligned.*
- 2. The EU should accelerate the development of common Green Public Procurement criteria. Meanwhile, clearer reference needs to be made in the EED to Ecodesign and Energy Labelling. Public authorities should, for instance, only buy products with the best existing energy label or pursue the construction or renting only of “nearly zero energy buildings”.*

### 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 States<sup>9</sup>, 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 /No/No opinion; please explain your answer:]*

*Yes, in Austria. The most frequently realised measure in the Austrian obligation system was the installation of new fossil fuel fired heating systems, mainly oil and gas boilers, as high energy savings are associated with the switch to condensing boilers. This has led to a decline of RES use for heating and will facilitate fossil energy use in the related households for decades to come (lock-in effect).*

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<sup>9</sup> <http://ec.europa.eu/energy/en/topics/energy-efficiency-directive/obligation-schemes-and-alternative-measures>

*This kind of measures should be avoided by adding a reference to CO2 emissions and by incentivising, along with energy efficient measures, the fuel switch in the heat sector to renewable and efficient technologies such as geothermal heat pumps, solar thermal, etc.*

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

*[Yes/No] Yes. However, EGEC is in favour of a level of ambition that incentivises structural changes, not only in terms of energy savings, but also in terms of energy sources and therefore CO<sub>2</sub> emissions.*

[Please explain your answer:]

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)

**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

*[Please explain your answer:]*

*It depends on various factors.*

*Art. 7 is being implemented today in a way that mainly incentivises quick fix measures. EGEC is in favour of a level of ambition incentivising structural changes, not only in terms of energy savings, but also in terms of energy sources and therefore CO<sub>2</sub> emissions.*

*The current article 7 allows taking into account the energy savings from the replacement of conventional heating systems to RES heating systems, but this is rarely promoted and applied.*

*It should be avoided the replacement of inefficient fossil fuels by more efficient fossil fuels (e.g. oil and gas boilers) which risk to lock in technologies not compatible with the long term decarbonisation (and that not significantly improve security of supply either).*

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

*[Yes /No/No opinion; please explain your answer:] No opinion.*

*EGEC warns the Commission over the need to avoid subsidies to consumption in the residential sector which indirectly subsidises the use of fossil fuels.*

*EGEC also invites the Commission to expand its analysis on costs and prices of energy beyond electricity and gas and to fully include the heat sector, as energy poverty is actually heat poverty.*

#### **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)?**

*[Yes /No/No opinion; please explain your answer:]*

*No.*

*More needs to be done in order to make consumers better aware of their consumption (overall and per energy need) and the origin of their energy (this is especially true for gas and district heating, while progress has been made for electricity). Templates should be suggested to make simplified information more comparable.*

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

The analysis of the July 2014 Energy Efficiency Communication and the recent EEFIG Report<sup>10</sup> showed that the energy efficiency investment market is still relatively small scale 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 –

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<sup>10</sup> EEFIG - Energy Efficiency Financial Institutions Group Report: Energy Efficiency – First fuel for the EU economy, 2015, [www.eefig.eu](http://www.eefig.eu)

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?**

*EGEC recommends a differentiated approach. Some non-exhaustive financing mechanisms/measures are the following:*

- a) A well-functioning market for energy efficiency measures created by obligations, which can bring liquidity in the non ETS markets through white certificate systems. It is critical however, to compare the estimated energy savings of the reported measures with the actual CO<sub>2</sub> reduction and to adjust the obligation schemes accordingly.*
- b) Conditionality in the allocation of EU funds (including Structural and Modernisation funds) to incentivise Member States to raise ambition and give their fair share in achieving the EU-wide targets for EE and RES.*
- c) Consistency between EU financing mechanisms to avoid supporting large scale infrastructure for natural gas, thus soon-to-be stranded assets, on the other hand.*
- d) A European risk mitigation fund for promoting geothermal in CHP and DH , based on the examples in France and The Netherlands.*

*[Free choice: max. 1000 characters]*

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

*Yes*

*[Yes/No/No opinion]*

**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)

## 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/No/No opinion] yes*

**If yes, why is it a useful tool?**

*[Free choice: max. 1000 characters]*

The reporting system is in line with current EED but a new reporting system under the governance framework of the Energy Union is needed to strengthen the synergies between various pieces of legislation (EPBD, RES-D, ESD, etc.).

In the new governance framework there is a need for a binding template covering, amongst other things, buildings (mentioning renovation rates, NZEBs, etc.) and more on heating and cooling (RES share, industry, etc.).

## 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 /No/No opinion; please explain your answer:]*

Yes

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

*[Free choice: max. 1000 characters]*

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?

*[Yes /No/No opinion; please explain your answer:]*

Yes,

*EGEC encourages the EU to have only one guidance framework addressing all the procurement aspects, rules and sectors, and in particular to accelerate the development of common Green Public Procurement criteria. Meanwhile, clearer reference needs to be made in the EED and RES-S to Ecodesign and Energy Labelling. Public authorities should, for instance, only buy products with the best existing energy label.*

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

[Yes /No/**No opinion**; please explain your answer:]

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?

[Free choice: max. 1000 characters] *EGEC encourages the EU to modify public accounting and finance rules in order not to hamper public investments in energy efficiency (and renewables as well)*

## **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?

[Yes/No/**No opinion**; please explain your answer:] *Yes.*

*In the building sector, some measures introduced (on the level of building envelope and replacement of heating systems) have long lifetimes. This is why only the most efficient and renewable technologies should be eligible to meet this obligation. The replacement of inefficient fossil fuel technologies by more efficient by always fossil-based heating appliances risks to lock-out efficient and renewable technologies needed to decarbonise the sector.*

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		X			
Better awareness of energy efficiency potential by consumers		X			
Better relationship between energy suppliers, distributors and customers					X
Lower energy generation (and transmission) costs for the utilities			X		
Improved business and administrative environment for up-coming innovative energy services		X			
Aggregation of small-scale investments (pooling/bundling)			X		
Development of new financing models – e.g. energy performance contracting		X			
Stimulation of energy efficient renovation of buildings				X	
Increased competitiveness in the energy markets			X		
Other					

- 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?

[Yes/No/**No opinion**; please explain your answer:]

- 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.

*No opinion*

- 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/No/*No opinion*; please explain your answer:] **Yes**

**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)

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

[Yes/ No/ No opinion] **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)

[Free choice: max. 1000 characters]

**If the scope should be expanded, please specify which of the following possibilities would be appropriate:**

- Measures to switch fossil fuel heating and cooling fully or partially to renewable energy (e.g. through individual appliances, district heating and cooling, centralised distributed units supplying larger building complexes or groups of buildings)
- Measures to increase efficiency of district network infrastructure and generation, including through thermal storage facilities
- Measures to make energy generation from small scale generation more efficient, below the ETS threshold
- Switch to self-consumption, auto-generation and energy positive buildings
- Participation in demand response, including from providing storage capacities
- Primary energy savings from the utilisation and recovery of waste heat (e.g. in district networks)

- Savings from energy management systems
- Energy savings from better organisation of activities
- Other (please specify)

**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	x				
Materiality					x
Additionality	x				
Lifetimes					x
Price demand elasticities <sup>11</sup> for taxation measures in real terms		X			
Indicative list of eligible energy saving measures		x			
Monitoring and verification procedures	x				
Reporting	x				
Other					

<sup>11</sup> Price demand elasticity is a measure used in economics to show the responsiveness, or elasticity, of the quantity demanded of a good or service.

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

*[Free choice: max. 1000 characters]*

*The EU should assess MS's efforts, provide guidance and take action in case of non-compliance. Additionally, the EU should strengthen the synergies in its policies and reduce administrative burden.*

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

*[Free choice: max. 1000 characters] No answer*

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?

*[Free choice: max. 1000 characters] EGEC suggests leaving this kind of flexibility under the ESD. THE EED and the RES-D should aim to unlock the potential available in all MS at the very local level.*

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?

*[Free choice: max. 1000 characters] A similar assessment should firstly be limited to renewables for heating and cooling only (and should exclude renewable electricity). It may be appropriate to enshrine the principle of cost-optimality between reducing energy demand and providing sustainable supply while reducing the use of fossil fuels.*

*EGEC believes however that the mechanism should develop beyond utilities through the development of national white certificate systems incentivising changes in business models, bringing more liquidity into the market and promoting changes in business models and the participation of SMEs.*

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