



EUROPEAN GEOTHERMAL ENERGY COUNCIL

# Review of Directive 2012/27/EU on Energy Efficiency (Energy Efficiency Directive or EED)

May 2016

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**EGEC Position Paper**

## Key messages:

1. Regulation and support schemes must follow a fossil phasing-out pattern. In the post-2020 framework, technologies non-compatible with decarbonisation should no longer be promoted and subsidised
2. In the case of Art. 7 of the EED (Energy efficiency obligation schemes), eligible savings should be clarified so as to avoid that energy efficiency legislation is interpreted in a way to justify new subsidies for fossil fuel technologies.
3. 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
4. EU public accounting and finance rules need to be reviewed to promote investments in the public sector and to bring liquidity into the energy services and heat markets
5. The scope of Article 6 EED (Purchasing by public bodies of energy efficient buildings, goods and services) should be extended to all public authorities, not only to central governments but to regional and local authorities too.

## About EGEC

***EGEC is the voice of Geothermal in Europe.***

More than 120 members from 28 countries, including private companies, national associations, consultants, research centres, geological surveys, and public authorities, make EGEC the strongest and most powerful geothermal network in Europe, uniting and representing the entire sector.

An international non-profit organisation founded in 1998 and based in the heart of the European quarter in Brussels, the role of EGEC is to promote members' interests, making sure they develop and thrive. It enables the development of the European geothermal industry- whether shaping policy, improving business conditions, or driving more research and development.

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## Introduction

The geothermal industry recognises that the Energy Efficiency Directive has been successful in establishing a number of measures to increase energy efficiency in EU Member States. However, more efforts have to be made in order to reach higher energy efficiency, to reduce GHG emissions and to achieve the overall objective of the EU decarbonisation.

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.

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).

## Measures triggering renovation of the existing building stock are so far not sufficient

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. New findings on discount rates in investments in the building sector, applying not only to insulation but also the replacement of heat appliances.

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 Member States, but this should always be in combination with the RES-D and EPBD.

## Avoid energy efficiency legislation being interpreted in a way to justify new subsidies for fossil fuel technologies

In the post-2020 framework, EGEC strongly encourages the Commission to apply the 'energy efficiency first principle' in a way that does not give room to lock-in technologies non-compatible with the decarbonisation objective and that does not hamper the development of renewable energy technologies, especially in the heating and cooling sector.

It has been noticed some perverse effect of the implementation of Art.7 EED. Indeed, at least 13 Member States have implemented Art. 7 EED also through significant subsidies to small-scale fossil-based heating technology, e.g. condensing gas and oil boilers. (More details in this regard are provided in Annex). This has offset other EU measures aiming to promote renewable heating and cooling and to establish a level-playing field.

In the revised Art.7, eligible savings should be clarified so as to avoid that energy efficiency legislation is interpreted in a way to justify new subsidies for fossil fuel technologies.

## **Energy efficiency should be considered in terms of heating and cooling appliances**

Energy efficiency should be considered not only in terms of insulation but also in terms of heating and cooling appliances. More guidance is therefore needed to promote in practice packages of measures; as already suggested by the 2012 guidelines, this approach is in the long-term the most cost-efficient one.

Using the most efficient renewable energy technologies (e.g. geothermal heat pumps and district heating) will lead to energy savings and contribute to GHG emissions reduction. In parallel, technologies non-compatible with decarbonisation should no longer be promoted or subsidised and the EED should not be interpreted in a way to justify new subsidies for fossil fuel technologies.

## Annex

<b>MEMBER STATE</b>	<b>TECHNOLOGIES SUBSIDISED</b>
<b>Belgium - Wallonia</b>	<ul style="list-style-type: none"> <li>- Natural gas condensing boilers (heating and water heaters)</li> <li>- Oil condensing boilers</li> </ul>
<b>Belgium - Brussels</b>	<ul style="list-style-type: none"> <li>- Oil condensing boilers</li> <li>- Gas condensing boilers</li> </ul>
<b>Belgium - Flanders</b>	<ul style="list-style-type: none"> <li>- Natural gas Condensing boilers</li> <li>- Oil condensing boilers</li> </ul>
<b>Bulgaria</b>	<ul style="list-style-type: none"> <li>- Gas boilers</li> <li>- Solid fuel steam boilers</li> </ul>
<b>Croatia</b>	<ul style="list-style-type: none"> <li>- Gas condensing boilers</li> </ul>
<b>Czech Republic</b>	<ul style="list-style-type: none"> <li>- Oil condensing boilers</li> </ul>
<b>France</b>	<ul style="list-style-type: none"> <li>- Oil Condensing boilers</li> <li>- Gas condensing boilers</li> </ul>
<b>Germany</b>	<ul style="list-style-type: none"> <li>- Gas condensing boilers</li> <li>- Oil condensing boilers</li> </ul>
<b>Greece</b>	<ul style="list-style-type: none"> <li>- Natural gas boilers</li> </ul>
<b>Hungary</b>	<ul style="list-style-type: none"> <li>- Condensing boilers (energy sources not specified)</li> </ul>
<b>Italy</b>	<ul style="list-style-type: none"> <li>- Condensing boilers/water heaters (energy sources not specified)</li> </ul>
<b>The Netherlands</b>	<ul style="list-style-type: none"> <li>- High efficiency boilers (energy sources not specified)</li> </ul>
<b>Slovenia</b>	<ul style="list-style-type: none"> <li>- Natural gas condensing boilers</li> </ul>
<b>Spain</b>	<ul style="list-style-type: none"> <li>- Individual condensing boilers (energy sources not specified)</li> </ul>
<b>The United Kingdom</b>	<ul style="list-style-type: none"> <li>- High-efficiency condensing gas boilers.</li> </ul>



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