



EUROPEAN ALLIANCE TO
SAVE ENERGY

Creating an Energy-Efficient Europe

EUROPEAN ALLIANCE TO SAVE ENERGY ON THE INCEPTION IMPACT ASSESSMENT ON THE REVISION OF THE ENERGY EFFICIENCY DIRECTIVE



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The European Alliance to Save Energy (EU-ASE) welcomes the opportunity to provide feedback to the European Commission's publication of an inception impact assessment on the revision of the Energy Efficiency Directive (EED). The Alliance brings together businesses, think tanks and Members of the European Parliament to ensure that the voice of energy efficiency is heard across the business and political community.

The EU-ASE welcomes the strong narrative on energy efficiency in the roadmap as well as its proposal to revise the current EED. The Directive has played a significant role in bringing energy efficiency up in the political agenda, stimulated increased national efforts, and resulted in some energy efficiency improvements. However, it did not lead to the creation of the much needed binding and long term legal framework to mobilize the investments required to tap the savings potentials across sectors and deliver the multiple benefits of energy efficiency to citizens, businesses and the environment. This shortcoming also stems from the imperfect implementation of the Directive. As a consequence, in many countries, the energy savings delivered fell short of the minimum required and are insufficient to achieve the national targets¹. We note that the Commission is rightly stepping up enforcement² and we fully support strengthening the legal requirements for more effective implementation.

The current review should ramp up the ambition in light of the EU's new climate objectives. The EED targets must be aligned with the European Green Deal and its goal to achieve climate neutrality by 2050 at the latest, as well as intermediary targets. According to the International Energy Agency (IEA), 76% of the European greenhouse gas emission reductions required to keep temperature increases below 1.5°C must come from energy efficiency. Therefore, the overall energy consumption reduction is the foundation for achieving climate targets while ensuring a deep economic transformation that is supporting a circular, resilient and equitable post-COVID recovery.

For policy-makers, investing in energy efficiency means investing in a fast, smart and sustainable recovery which is 'made in Europe'. The International Patent Classification green patents inventory of the World Intellectual Property Organization shows that among the countries with a higher concentration of filings for patents in energy conservation technologies, there are the EU Member States such as Germany, France, and the Netherlands. Investing in energy efficiency means supporting the growth, competitiveness and long term sustainability of European manufacturers, solution providers and local value chains. The EED review is paramount in that respect and should be carried out in such a way to support job creation, sustainable growth and climate change mitigation and adaptation in one of the most innovative and strategic sectors of the European Union.

Based on this, EU-ASE would like to highlight the following recommendations to support the Commission in its ongoing work on the EED revision.

1. Latest figures on progress towards the energy efficiency 2020 and 2030 targets are available in the European Commission progress report published on July 20, 2020;
2. Commission staff working document on monitoring the application of EU law, policy areas (2019), see: https://ec.europa.eu/info/sites/info/files/file_import/report-2019-commission-staff-working-document-monitoring-application-eu-law-policy-areas-part2_en.pdf

Article 3: Energy efficiency targets

- **Energy Efficiency First:** The energy efficiency first principle should be the main pillar of the EED to deliver on its objectives in line with the Governance Regulation. This will require a definition to be enshrined in the Directive, an extended focus of the principle to both demand and supply side and clear guidelines to operationalize the principle in all future energy policy and investments decision making.
- **Level of target:** Tapping the full cost-effective potential for energy savings must be the aim of the EU energy efficiency target for 2030. Research of the DG Energy shows that the EU could cost-effectively save 40% of its energy consumption by 2030³. A 40% energy efficiency target ensures cost-effective investments and makes achieving the targets for greenhouse gas emission reductions and renewable energy cheaper for consumers and the economy. Following the Commission's proposal to increase the GHG emission reduction target from 40% to at least 55%, the energy efficiency target for 2030 should be increased accordingly from the current 32.5% to cost-effective 40%.
- **Nature of the target:** The energy efficiency target should be mandatory at Member State level, and expressed systematically in both primary and final energy (as opposed to the current option of and/or). Also, the progress towards the target achievement should be expressed in a similar manner. This will enable the implementation of a holistic approach towards end-use and energy system efficiency.

Article 5: Exemplary role of public buildings

- **A holistic approach to renovation:** Article 5 should aim at realizing all available energy savings potential by covering the need for holistic deep staged renovations and retrofit where envelope elements (ie. roofs, walls, windows) are upgraded alongside technical buildings systems (i.e. building automation and control, energy management systems, on-site electricity generation, systems using energy from renewable sources). In this respect EPCs can be used to ensure, that besides renovating, improved performance is guaranteed over time.
- **Link with the Long-Term Renovation Strategies:** In order to promote a coordinated approach to renovation and strengthen the coherence between the EED and Energy Performance of Buildings Directive (EPBD), it is necessary to link the effort to renovate public buildings with Article 2a of the EPBD.
- **Mandatory renovation of all public buildings:** The importance of public authorities leading by example cannot be overestimated and is an essential part of the EU Green Deal. It will be at the core of the EU and national Recovery Plans and of the EU Renovation Wave. Yet, to make provisions in this Article stronger and more effective, the Directive should extend the current 3% mandatory renovation rate to all public buildings owned or occupied by central, regional, and local authorities. A particular focus should be given to public buildings such as schools and hospitals, especially in the context of post-COVID-19 recovery. Given that public buildings account for around 12% of the European building stock, the impact of such an extension will be tremendous, in terms of energy savings, improved health, comfort, and productivity.
- The revision of this article should call for the introduction of **Minimum Energy Performance Standards (MEPS)** for this building segment paving the way for the introduction of such standards across all other segments. If MEPS are introduced as part of an early revision of the EPBD, a clear link should be established.

Article 6: Public Procurement

- Energy efficiency first and system efficiency: Purchasing by public bodies and public procurement rules must be systematically guided by the energy efficiency first principle and the best energy performance over the lifetime of products and systems. In addition, public bodies shall carry out comprehensive assessments of the potential for energy savings regarding heating and cooling options (Article 14), and factor in system efficiency and CO2 emission reduction considerations.
- Promoting the uptake of new business models in the public sector: Procurement rules should assist public bodies in using new business models (e.g. Energy Performance Contracts (EPCs)), innovative public-private partnerships, digitalization and innovative technologies in order to facilitate the uptake of energy efficiency measures and ensure energy savings.

Article 7: Energy efficiency obligation schemes (EEOS)

- Assessing the interaction of the article with other EU policies: The EU is set to introduce new policies on GHG emissions, carbon pricing, building renovation, circular economy, vehicle standards and decarbonisation of industrial production. The interaction between the provisions of these measures and Article 7 needs to be carefully assessed to maximise energy savings.

An example of useful interaction between the EED and EPBD is provided by the role that Article 7 can play in the implementation of long term renovation strategies (Article 2 EPBD) from a system efficiency perspective. Indeed, Article 7 can promote energy efficiency measures in the building sector and generate additional energy savings resulting from holistic deep staged renovations and retrofit including envelope elements (ie. roofs, walls, windows) and technical buildings systems (i.e. building automation and control and energy management systems).

Another example of interaction with other EU policies is the link between the EED and water related legislation. Article 7 should systematically promote the water-energy nexus and the implementation of water and energy savings measures across industrial sectors and municipalities.

- Real energy savings: Article 7 should make the best use of innovative digital technologies to measure real energy savings. Both energy performance contracting and active energy efficiency measures will enable real-time monitoring, analysis and optimisation of energy performance. Basing EEOS on a real energy savings approach will deliver actual and measurable results and will enable a gradual transition towards a system that pays for the quality of measures and performance.
- Ensure optimal implementation: The revision should tackle shortcomings regarding the late and low-quality reporting by the Member States. Effective enforcement of the EED's provisions requires verification of Member States' policies and measures at the planning stage, during their implementation and ex-post to ensure the most optimal implementation of Article 7 and the delivery of adequate energy savings for 2030.

Article 8: Energy audits

- Broadening the scope to accelerate the implementation of the results of the audits: Audits should be broadened to solutions that additionally comprise concrete actions to improve energy efficiency. In this context, the revision should also accelerate the deployment of energy management systems based on digital interfaces, as well as EPCs.
- Ensuring coherence with Article 14: The provisions regarding efficient heating and cooling solutions should be strengthened, to make sure that in the framework of audits, Member States require a systematic assessment of the technical and economic feasibility of connection to an

existing or planned district heating or cooling network, in particular where the heating and cooling network is highly efficient and /or where waste heat potential has been identified in the vicinity (in line with article 14). Such an assessment should always be guided by the efficiency first principle and careful cost-benefit analysis.

- [Uptake of recommendations](#): The recommendations stemming from energy audits and in particular on measures with short pay-back period should be made mandatory across industry and their uptake should be incentivized. In particular, the financial incentives should be made available and conditional upon realisation of identified measures, inter alia, through the European Resilience and Recovery and Cohesion Funds.

Article 14: Energy Efficiency in Heating and Cooling

- [Energy system integration and the energy efficiency first principle](#): The identification and access to information on waste heat recovery potential and sources are key for optimal exploitation of this energy source, which contributes towards greater sector integration and energy efficiency first principle implementation. It will require rigorous execution of comprehensive assessments to be carried out by the Member States, followed by concrete measures and commitments. In order to ensure the use of waste heat is an integral part of decarbonisation; the results of comprehensive assessments should be integrated into national strategies, such as National Energy and Climate Plans, National Recovery Plans and national Just Transition Plans.
- [Going local](#): The comprehensive assessment for efficient heating and cooling solutions should be carried out at the same time as the preparation of long term renovation strategies (Article 2b of EPBD). This will ensure a more granular approach, by looking at locally available energy sources, including waste heat, and the potential for reduced heat demand. This would respect the application of the energy efficiency first principle and would contribute towards the realisation of the concept of a district approach to energy planning and renovation as well as smart energy system integration that can take place only at the level of a territory.

Article 15: Demand response and efficiency in transformation and distribution networks

- [Reinforcement](#): Increasing the share of renewable energy sources and growing penetration of electric vehicles create new challenges for the electricity networks, especially on the distribution side. Given growing pressures on the grids, the article should encourage network operators to reduce energy losses, implement cost-efficient and energy-efficient infrastructure investment programmes and properly account for the energy efficiency and flexibility of the grid.

Article 16: Availability of qualification, accreditation and certification schemes

- [Further promote certification and accreditation schemes to be applied to the energy performance contracting](#): Member States should add to the certification and accreditation schemes, those schemes that help assess the different components of an EPCs against a set of reference criteria for the minimum standard that is expected on the market.

Article 17: Information and training

- [Reinforce the application of the energy efficiency first principle](#): The revised EED should provide additional guidance and support measures to further improve the implementation of the energy efficiency first principle. In this respect, the Member States should, with the participation of all relevant stakeholders, including local and regional authorities, share information, raise awareness and train citizens about the benefits of energy efficiency improvement measures, including on behavioural changes, impacting both primary and final energy consumption.

Article 18: Energy services market

- Incentivise EPCs and energy management systems uptake: In order to effectively stimulate the EPC market in the EU, a transition from a voluntary to a mandatory approach is needed. Article 18 should require that all large non-residential buildings that undergo renovation put in place energy management systems.
- Assess the possibility of introducing off balance sheet treatments for private companies: The Eurostat Guidance Note on the recording of energy performance contracts in government accounts should be promoted. In order to assess the possibility for an introduction of a scalable and replicable solution for off-balance sheet treatment for energy efficiency investments conceded by private sector companies, the EED should foresee a consultation with relevant stakeholders.

Article 20: Energy efficiency national funds and other support mechanisms

- Condition the allocation and expenditure of funds for energy efficiency investments: To stimulate the market which has suffered great losses due to the COVID-19 outbreak and the economic recession, we should focus on the effective leveraging of public money spent on energy efficiency measures across sectors. For example, between 2014 and 2020, the EU Cohesion policy allocated a budget of around €14 billion to improve the energy efficiency of buildings⁴. Even greater amounts are likely to be available for this purpose in the framework of the EU Recovery Plan⁵. To ensure cost-effective use of public funds, the European Commission must condition their allocation and expenditure to energy audits conducted pre- and post- intervention, and to credible monitoring systems that measure real energy savings.

4. European Court of Auditors, Energy efficiency in buildings: greater focus on cost-effectiveness still needed (2020), see: https://www.eca.europa.eu/Lists/ECADocuments/SR20_11/SR_Energy_efficiency_in_buildings_EN.pdf

5. State of the Union address, (2020), see: https://ec.europa.eu/commission/presscorner/detail/en/SPEECH_20_1655



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The European Alliance to Save Energy (EU-ASE) was established in December 2010 by some of Europe's leading multinational companies. The Alliance creates a platform from which our companies (Danfoss, Ecolab, Kingspan, Knauf Insulation, Orbital Systems, Saint-Gobain, Schneider Electric, Siemens, Signify, Veolia and Xylem Inc.) can join with politicians and thought leaders to ensure the voice of energy efficiency is heard from across the business and political community.

EU-ASE members have operations across the 27 Member States of the European Union, employ over 340.000 people in Europe and have an aggregated annual turnover of €115 billion.

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