

Energy efficiency

2011/0172(COD) - 22/06/2011 - Legislative proposal

PURPOSE: to ensure the objective of achieving 20% primary energy savings in 2020 and to prepare the way for new improvements in energy efficiency beyond that date.

PROPOSED ACT: Directive of the European Parliament and of the Council.

BACKGROUND: energy efficiency is one of the key features of the flagship initiative “[A resource-efficient Europe](#)” announced in the Europe 2020 strategy. Energy efficiency is the most cost-effective and fastest way to increase security of supply, and is an effective way to reduce the greenhouse gases emissions responsible for climate change. As outlined in the Commission Communication “[A Roadmap for moving to a competitive low carbon economy in 2050](#)”, energy efficiency can help the EU achieve and even outperform its greenhouse gas emission reduction target.

The EU has set itself the objective of achieving 20% primary energy savings in 2020. The Commission’s latest estimations suggest that the EU will achieve only half of the 20% target in 2020. The **current framework** which governs energy efficiency, in particular Directive 2006/32/EC on energy services and Directive 2004/8/EC on cogeneration, has **failed to fully tap the energy saving potential**. The measures already adopted at Member State level are also insufficient to overcome the remaining obstacles on markets and in regulation.

The European Council and the European Parliament have called on the Commission to adopt a new ambitious strategy in the area of energy efficiency for determined action to tap the considerable potential. To give fresh momentum to energy efficiency, on 8 March 2011 the Commission put forward a new [Energy Efficiency Plan](#) (EEP) setting out measures to achieve further savings in energy supply and use.

This legislative proposal transforms certain aspects of the EEP into binding measures. It also looks beyond the 20% target and seeks to set a common framework to promote energy efficiency in the Union beyond 2020.

IMPACT ASSESSMENT: the impact assessment explores a series of options broken down into three levels:

First-level policy options analyse ways to improve the current policy framework. This analysis focuses primarily on issues of whether the current approach of the ESD to target setting should be extended until 2020, whether national energy savings targets should be added to achieve the EU 20 % target and if so, whether they should be binding or merely indicative. The analysis concludes that the ESD targets should be maintained for end-use sectors until their deadline in 2016, but to reach the 20 % energy efficiency target they need to be complemented with more ambitious energy savings targets under the Europe 2020 process.

Second-level policy options explore different measures to tackle the remaining economic potential on the demand and supply side. The IA looks at [energy savings obligation](#) schemes as a possible option for yielding energy savings in end-use sectors. Another set of policy options examine measures involving the public sector. Other options with a considerable positive impact compared to their costs are those that aim to promote the energy services market, provide improved and more frequent information to households and companies on their actual energy consumption through billing and smart meters, and mandatory energy audits for large companies. Other options to promote energy efficiency via voluntary measures are assessed as insufficient to tap all the available potential for savings.

The IA also analyses which measures could help tap energy efficiency potential in energy transformation and distribution, as well as options for national reporting and monitoring of implementation.

Third-level policy options assess the legal form of the selected first- and second-level measures. It concludes that, in order to reach the level of ambition of the EU 20% energy efficiency target, EU policies need to reap the energy saving potential in every sector, including in those sectors excluded from the scope of the ESD. This is why it is proposed to adopt a new legislative proposal that covers the scope of the two Directives and extends it to all sectors with energy saving potential.

LEGAL BASIS: Article 194(2) of the Treaty on the Functioning of the European Union (TFEU).

CONTENT: the proposed Directive establishes **a common framework for promoting energy efficiency** in the Union to ensure the target of 20 % primary energy savings by 2020 is met and to pave the way for further energy efficiency afterwards. It lays down rules designed to remove barriers and overcome some of the market failures that impede efficiency in the supply and use of energy.

End-use sectors: the proposed Directive focuses on measures that lay down requirements on the public sector, both as regards renovating the buildings it owns and applying high energy efficiency standards to the purchase of buildings, products and services.

The proposal:

- requires Member States to establish national energy efficiency obligation schemes;
- requires regular mandatory energy audits for large companies and lays down a series of requirements on energy companies regarding metering and billing.

Energy supply sector: the proposal requires Member States:

- to adopt national heating and cooling plans to develop the potential for high-efficiency generation and efficient district heating and cooling, and to ensure that spatial planning regulations are in line with these plans;
- to adopt authorisation criteria that ensure that installations are located in sites close to heat demand points and that all new electricity generation installations and existing installations that are substantially refurbished are equipped with high-efficiency CHP units. Member States should however be able to lay down conditions for exemption from this obligation where certain conditions are met;
- to establish an inventory of energy efficiency data for installations undertaking the combustion of fuels or the refining of mineral oil and gas.

The proposal also sets requirements on priority/guaranteed access to the grid, priority dispatch of electricity from high-efficiency cogeneration and the connection of new industrial plants producing waste heat to district or cooling networks.

Other measures proposed include efficiency requirements for national energy regulatory authorities, information and awareness-raising actions, requirements concerning the availability of certification schemes, action to promote the development of energy services, and an obligation for Member States to remove obstacles to energy efficiency, notably the split of incentives between the owner and tenant of a building or among building owners.

Lastly, the proposal provides for the establishment of national energy efficiency targets for 2020 and requires the Commission to assess in 2014 whether the Union can achieve its target of 20% primary energy savings by 2020. The Commission is required to submit its assessment to the European Parliament and the Council, followed, if appropriate, by a legislative proposal laying down mandatory national targets.

It should be noted that the scope of two Directives: the Cogeneration Directive (2004/8/EC, CHP Directive) and the Energy Services Directive (2006/32/EC, ESD) overlap with this proposal. It is therefore proposed that these two Directives are repealed when the new Directive enters into force, except for Articles 4(1) to (4) and Annexes I, III and IV to the ESD. These provisions concern the achievement by 2017 of an indicative energy saving target of 9% of the final energy consumption of each Member State in the 5 years before the implementation of the ESD. This target – albeit different in scope and level of ambition - contributes to the realisation of the EU's 20% energy efficiency target by 2020, and should therefore remain applicable until 2017.

BUDGETARY IMPACT: the Directive will be implemented using the existing budget and will not have an impact on the multi-annual financial framework.

DELEGATED ACTS: the proposal contains provisions giving the Commission the power to adopt delegated acts in accordance with Article 290 of the Treaty on the Functioning of the European Union.