

Energy end-use efficiency and energy services

2003/0300(COD) - 07/06/2005 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted the resolution drafted by Mechthild ROTHE (PES, DE) making amendments to the Commission's proposal designed to ensure a more flexible approach and more rigorous objectives to encourage Member States to save energy. (Please see the summary of 19/04/2005.) In addition to the amendments already discussed in that summary, Parliament made the following changes:

- New recitals states that improved energy efficiency will make it possible to exploit potential cost-effective savings in an economically efficient way. Energy efficiency measures and demand side management could realise these energy savings and thus help Europe reduce its dependence on energy imports. Furthermore, a move towards more energy-efficient technologies can boost Europe's innovativeness and competitiveness as underlined in the report of the High-Level Group, chaired by Wim Kok, on the Lisbon strategy. The aim of the Directive is thus not only to continue to promote the supply side of energy services, but also to create stronger incentives for the demand side. The public sector in each Member State should therefore be required to set a good example regarding investments, maintenance and other expenditure for energy-using equipment, energy services and other energy efficiency measures. The funding of supply and the costs of the demand side has an important role to play in energy services. The creation of funds to subsidise the implementation of energy efficiency programmes and other energy efficiency measures and to promote the development of a market for energy services is thus an important tool for the provision of nondiscriminatory start-up funding in such a market;
- with a view to guaranteeing a level playing field between all energy service providers, cross-subsidies between the various activities of energy suppliers and retailers should be strictly prohibited. The national regulators should endeavour to avoid any distortion of competition in this area;
- Parliament introduces definitions for terms such as "energy efficiency", "energy saving," and 'energy efficiency service'. Each time the words 'energy service' are changed into 'energy efficiency service' throughout the Directive;
- there are also definitions for "public sector", "energy savings performance contracts", and "Publicprivate partnership";
- definitions of certain terms such as " Third-party financing contract" and "Energy performance contracting" are amended;
- the provision of individual components of energy services, such as energy advice and the installation of energy-saving equipment, will also fall within the scope of the Directive. The provision of such individual components by those energy distributors and retail energy sales companies that sell fuel shall constitute compliance by such distributors and companies with their obligations under the Directive;
- should the reporting required by the Directive show that the measures implemented by the Member State are not leading to the increases in energy efficiency laid down, the Member State concerned shall be required to implement additional measures to reach the targets;
- at least two years before expiry of the period during which the targets are applied, the Commission shall present a proposal setting further mandatory targets for energy efficiency to come into force at the end of that period;

- the Member States will work towards common EU-wide benchmarks to improve energy efficiency in all the relevant areas being set on the basis of sectoral energy efficiency indicators. In accordance with the committee procedure set out, the Commission will work on harmonised energy efficiency indicators, and benchmarks based upon them, for the energy conversion markets and sub-markets set out in Annex IVa (which is new.) The Commission will present to the European Parliament and the Council not later than three years after implementation a report on the progress on setting indicators and benchmarks. As soon as the Commission together with the Member States elaborates on indicators for all energy conversion markets and sub-markets set in Annex IVa, Member States will decide together whether or not to replace the overall targets by benchmarks, as long as the amount of energy saved by reaching the benchmarks meets the respective mandatory targets set in Article 4(2);
- the public sector targets shall consist of savings in the first three years following the entry into force of this Directive of at least 4.5% overall, in the next three years of at least 5.5% overall, and in the three years after that at least 6% overall of energy distributed and/or sold to this sector, allocated and calculated in accordance with the relevant clauses;
- the new article 5a states that undertakings may conclude agreements within their sector on promoting energy end-use efficiency. To this end, undertakings may submit an application to the Commission, which must indicate within two months whether binding targets can be set for energy savings in the sector. This introduces the possibility of reaching agreements and setting objectives per sector in Europe;
- a new article 7(1)(a) states Member States will ensure that the motor fuel and transport sector meets its particular obligations regarding energy efficiency and energy savings. In addition, the Commission will present to the European Parliament and the Council no later than 1 January 2007 a proposal for a new directive comprehensively covering the promotion of energy efficiency and energy services in the fuel and transport sector;
- a new article 7(1) (b) states that Member States must ensure that each energy sector fulfils the specific obligations incumbent upon it with regard to energy efficiency and energy saving, determined in the light of the sector's importance to the economy and the trend in consumption in recent years;
- a further new article stipulates that Member States must adopt measures to remove the substantial obstacles hampering the further development of markets for contracting and create incentives for contracting arrangements;
- certain additional clauses deal with the establishment of funds set up by Member States to subsidise the delivery of energy efficiency programmes;
- not later than two years after the implementation of the Directive the Commission will assess to what extent energy efficiency is and may further be achieved through conversion of energy and installations, such as shifting from individual boilers to district heating or from a fossil energy source to a renewable energy. This assessment will be an additional tool for Member States to achieve more savings potential and ecological benefits in reaching their energy savings targets;
- not later than two years after the implementation of the Directive, the Commission shall publish a cost-benefit impact assessment examining the linkages between EU standards, regulations, policies and measures on end-use energy efficiency.