Basic information

2003/0300(COD) COD - Ordinary legislative procedure (ex-codecision procedure) Directive	Procedure completed
Energy end-use efficiency and energy services Repealed by 2011/0172(COD) **Subject** 3.60 Energy policy 3.60.08 Energy efficiency 4.60.02 Consumer information, advertising, labelling	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ITRE Industry, Research and Energy	ROTHE Mechtild (PSE)	27/09/2005

Former committee responsible	Former rapporteur	Appointed
ITRE Industry, Research and Energy	ROTHE Mechtild (PSE)	27/07/2004
ITRE Industry, External Trade, Research, Energy	ROTHE Mechtild (PSE)	02/12/2003

Former committee for opinion	Former rapporteur for opinion	Appointed
ECON Economic and Monetary Affairs	WORTMANN-KOOL Corien (PPE-DE)	13/09/2004
ENVI Environment, Public Health and Food Safety	KORHOLA Eija-Riitta (PPE-DE)	01/09/2004
IMCO Internal Market and Consumer Protection	The committee decided not to give an opinion.	
ECON Economic and Monetary Affairs	The committee decided not to give an opinion.	
JURI Legal Affairs and Internal Market	The committee decided not to give an opinion.	

	ENVI Environment, Public Health, Consumer Policy	KORHOLA Eija-Riitta (PPE-DE)	20/01/2004

Council of the European Union

Council configuration	Meetings	Date
Transport, Telecommunications and Energy	2625	2004-11-29
Transport, Telecommunications and Energy	2717	2006-03-14
Transport, Telecommunications and Energy	2554	2003-12-15
Transport, Telecommunications and Energy	2671	2005-06-27

European Commission

Commission DG	Commissioner
Energy and Transport	

Key events

Date	Event	Reference	Summary
10/12/2003	Legislative proposal published	COM(2003)0739	Summary
15/12/2003	Debate in Council		
15/01/2004	Committee referral announced in Parliament, 1st reading		
16/09/2004	Committee referral announced in Parliament, 1st reading		
29/11/2004	Debate in Council		Summary
19/04/2005	Vote in committee, 1st reading		Summary
02/05/2005	Committee report tabled for plenary, 1st reading	A6-0130/2005	
06/06/2005	Debate in Parliament		
07/06/2005	Decision by Parliament, 1st reading	T6-0212/2005	Summary
07/06/2005	Results of vote in Parliament		
23/09/2005	Council position published	10721/3/2005	Summary
29/09/2005	Committee referral announced in Parliament, 2nd reading		
23/11/2005	Vote in committee, 2nd reading		Summary
30/11/2005	Committee recommendation tabled for plenary, 2nd reading	A6-0343/2005	
12/12/2005	Debate in Parliament		
13/12/2005	Decision by Parliament, 2nd reading	T6-0496/2005	Summary
13/12/2005	Results of vote in Parliament		
14/03/2006	Act approved by Council, 2nd reading		
05/04/2006	Final act signed		

05/04/2006	End of procedure in Parliament		
27/04/2006	Final act published in Official Journal		

Technical information

Procedure reference	2003/0300(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Directive
Amendments and repeals	Repealed by 2011/0172(COD)
Legal basis	EC Treaty (after Amsterdam) EC 175-p1
Stage reached in procedure	Procedure completed
Committee dossier	ITRE/6/30616

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee opinion	ENVI	PE349.917	07/02/2005	
Committee opinion	ECON	PE350.217	30/03/2005	
Committee report tabled for plenary, 1st reading/single reading		A6-0130/2005	02/05/2005	
Text adopted by Parliament, 1st reading/single reading		T6-0212/2005 OJ C 124 25.05.2006, p. 0019-0095 E	07/06/2005	Summary
Amendments tabled in committee		PE364.739	19/10/2005	
Committee recommendation tabled for plenary, 2nd reading		A6-0343/2005	30/11/2005	
Text adopted by Parliament, 2nd reading		T6-0496/2005	13/12/2005	Summary

Council of the EU

Document type	Reference	Date	Summary
Council statement on its position	03256/2005	23/09/2005	
Council position	10721/3/2005 OJ C 275 08.11.2005, p. 0019-0040 E	23/09/2005	Summary
Draft final act	03679/3/2005	05/04/2006	

European Commission

Document type	Reference	Date	Summary
	COM(2003)0739		

Legislative proposal		10/12/2003	Summary
Document attached to the procedure	COM(2003)0743	10/12/2003	Summary
Commission communication on Council's position	COM(2005)0455	26/09/2005	Summary
Commission response to text adopted in plenary	SP(2006)0053	12/01/2006	
Commission opinion on Parliament's position at 2nd reading	COM(2006)0053	07/02/2006	Summary
Follow-up document	COM(2008)0011	23/01/2008	Summary
Follow-up document	SEC(2009)0889	23/06/2009	Summary
Follow-up document	C(2009)7604	09/10/2009	
Follow-up document	SEC(2009)1315	09/10/2009	
Follow-up document	SEC(2009)1316	09/10/2009	
Follow-up document	COM(2013)0938	08/01/2014	Summary
Follow-up document	SWD(2013)0541	08/01/2014	

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofR	Committee of the Regions: opinion	CDR0092/2004 OJ C 318 22.12.2004, p. 0019-0021	17/06/2004	
EESC	Economic and Social Committee: opinion, report	CES1443/2004 OJ C 120 20.05.2005, p. 0115-0118	28/10/2004	

Additional information

Source	Document	Date
National parliaments	IPEX	
European Commission	EUR-Lex	

Final act

Directive 2006/0032
OJ L 114 27.04.2006, p. 0064-0085

Summary

Energy end-use efficiency and energy services

2003/0300(COD) - 07/02/2006 - Commission opinion on Parliament's position at 2nd reading

The Commission presents an amended proposal and states that it can accept in full all 49 amendments adopted by the European Parliament. They are the result of a compromise package agreed between the European Parliament and the Council for the second reading. The amendments are in line with the objectives of the Commission's proposal and succeed in introducing mandatory elements that compensate for the lack of a binding energy savings target and a separate target for the public sector. The conclusion of the compromise package has been facilitated by the introduction of national Energy Efficiency Action Plans and related mandatory reporting requirements. Moreover, the introduction of binding requirements for the public sector has made the compromise proposal more acceptable to the Commission.

The amendments to the common position refer mainly to:

- New recitals to clarify certain conditions laid down in the Articles, especially Articles 4, 5 and 6, in which savings targets, public sector obligations and obligations on energy retail and distribution companies, respectively, are established.

- Definitions that increase the scope of the Directive, although only marginally.

- The introduction of an intermediate savings target for the third year of application of the Directive, to be reported in the first national Energy Efficiency Action Plan by 30 June 2007, along with an overview of the Member State strategy on the achievement of the intermediate target and overall savings targets.

- Systematic and rigorous reporting requirements by the Member States and by the Commission, including activity in the public sector.

- The development of the energy efficiency improvement measurement system.

- The introduction of an indicative list of energy conversion markets and sub-markets for which benchmarks can be worked out.

- The inclusion of public sector obligations relating to the energy-efficient purchasing, rental, replacement and retrofitting of buildings.

Energy end-use efficiency and energy services

2003/0300(COD) - 29/11/2004

On the basis of a Presidency Note, the Council held a policy debate on a proposal for a Directive on energy end-use efficiency and energy services (demand-side management). The Council agreed, by

decision taken at the beginning of its meeting, to hold this debate in public.

Following the Council's constructive exchange of views, the President drew the following conclusions under his sole responsibility:

1) Higher priority should be given to energy efficiency. Delegations support the goal of the proposal, which is very important both for the economy and the environment.

2) Delegations stressed that a flexible, unbureaucratic approach is needed, which should reflect national circumstances and take good account of existing initiatives. Exchange of experience is valuable. Consistency with the existing relevant legislative framework should be ensured.

3) It seems that a large number of delegations consider that a uniform 6-year target does not offer enough flexibility; more flexibility, e.g. through indicative national targets, is needed and national circumstances should be taken into account when evaluating the progress made, inter alia the energy savings already realised in the past. Progress in energy efficiency could be assessed on the occasion of yearly debates.

4) While noting that the public sector could play an important role in contributing to energy savings, it remains to be seen whether a specific and higher target for this sector would be the right means.

5) Views are divided whether obligations such as the provision of energy services or energy audits should be placed on suppliers; some consider that there should be a number of options for Member States to choose from, depending on national circumstances. Measures should be in line with internal market Directives.

6) Delegations agree that the system for the measurement of energy savings need to ensure reliable and comparable results in the different Member States.

7) This could possibly be achieved by looking at some combination of top-down (preferably from existing, macro statistics) with specific bottom-up figures (that are more detailed).

8) Taking the latest Presidency text as a starting point, it should be possible for the coming Presidency to bring this dossier to fruition.

Energy end-use efficiency and energy services

2003/0300(COD) - 13/12/2005 - Text adopted by Parliament, 2nd reading

The European Parliament adopted a resolution drafted by Mechtild **ROTHE** (PES, DE) with 582 votes in favour, 13 against with 18 abstentions. Parliament adopted 49 compromise amendments, which are the result of negotiations between the rapporteur, shadow rapporteurs and the Council. The compromise adopted asks Member States to save 9% of the energy supplied to end users in the nine years following the directive's entry into force. Member States may set themselves a higher target. The Council had been arguing for a 6% reduction over six years. The national energy savings in relation to the national indicative energy savings target will be measured as from 1 January 2008. Member States will have to adopt three multi-annual Energy Efficiency Action Plans:

-For the purpose of the first Energy Efficiency Action Plan (EEAP) to be submitted, Member States must establish an intermediate national indicative energy savings target for the third year of application of the Directive, and an overview of its strategy on the achievement of the intermediate and overall targets. The Commission will give an opinion on whether the intermediate national indicative target appears realistic and consistent with the overall target. The first EEAP must be submitted to the Commission no later than 30 June 2007.

-Not later than 30 June 2011 Member States must submit a second EEAP, and the third one must be submitted not later than 30 June 2014. All EEAPs must describe the energy efficiency measures planned to reach the targets set out, as well as to meet the provisions on the exemplary role of the public sector and provision of information and advice to final customers set out in the legislation. The second and third EEAPs must include a thorough analysis and evaluation of the preceding plan, include the final results with regard to the fulfilment of the energy savings targets set out, and plans for - and anticipated effects of - additional measures which address any existing or expected shortfall of the target.

-Member States must facilitate and enable an exchange of best practices between public sector bodies, for example on energy-efficient public procurement practices, both at the national and international level.

-Member States will have a period of two years to transpose the directive into national law with the exception of the first EEAP which has to be submitted by 30 June 2007 and which will be reviewed by the Commission before 1 January 2008. The EEAPs will be assessed in accordance with the prescribed procedure. The second EEAP shall be reviewed before 1 January 2012. The third EEAP shall be reviewed before 1 January 2015.

-By 30 June 2008, the Commission shall develop a set of harmonised energy efficiency indicators and benchmarks based upon them, taking into account available data or data that can be collected in a cost-effective manner for each Member State.

-Not later than 2 years after the date of entry into force 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.

Finally, the public sector must set an example. Member States are invited to develop guidance aiming to include energy efficiency as a criterion for public procurement processes. More information will be provided to consumers on energy end use efficiency and they will receive detailed and regular statements on their energy consumption.

Energy end-use efficiency and energy services

2003/0300(COD) - 23/06/2009 - Follow-up document

This Commission Staff Working Document provides a synthesis of the complete assessments of all 27 National Energy Efficiency Action Plans (NEEAPs) as required by Directive 2006/32/EC on energy end-use efficiency and energy services.

The Commission recognises the great potential that NEEAPs could play in improving the focus on **energy efficiency** and in streamlining Member States' efforts supporting citizens and market actors in saving energy in a cost-effective manner, thus reducing emissions of greenhouse gases, increasing the competitiveness of European businesses, creating jobs and retaining jobs and improving the energy security of the Community.

Furthermore, the current climate seems to provide the perfect opportunity to bring together all energy efficiency reporting requirements – existing and new – into one Action Plan, providing **one single reporting system for monitoring and evaluation** of progress. Such a coordinated approach would greatly assist Member States in fulfilling their reporting obligations concerning greenhouse gas emissions and would improve implementation of measures.

According to the Commission, a successful Action Plan would:

- place energy efficiency policy firmly within the broader policy context;
- prioritise resource allocation across the entire energy efficiency portfolio;
- ensure that synergies between policies are captured and duplication avoided, and that clear responsibilities for implementation is allocated;
- place consumers at the heart of the proposed policies.

However, few, if any, of the Action Plans delivered by Member States fit this description. Given the growing importance of energy savings to energy security and sustainable development of the Community, the Commission urges Member States to act quickly – especially given the recent economic downturn and notably concerning investments in energy efficiency which is set to retain and create jobs in a local context – and would welcome Member States taking the initiative to further improve their NEEAPs and their implementation.

Energy end-use efficiency and energy services

2003/0300(COD) - 23/09/2005 - Council position

The Council agrees with the Commission on the need to make energy savings and to use energy more efficiently. It therefore broadly supports the general aim of the Commission's proposal. Where the Council has made changes they relate mainly to adapting the Directive to different national situations and existing practices in order to lower the cost and administrative burden of the proposal's application and generally to make it easier to implement.

Of the 97 amendments adopted by the European Parliament, the Council has accepted 37 and rejected the remaining 60. Several of the key amendments rejected were done so on the premise that they go far beyond the provisions of the original Commission's proposal. As far as the Commission's proposal is concerned, the Council has introduced a number of changes.

To summarise, the main changes introduced by the Council are as follows:

- Instead of *mandatory* targets, the Common Position contains an *indicative* target of 6% for the sixth year of the Directive's application. Member States will be obliged to take measures that contribute towards achieving the indicative target and shall fix themselves an intermediate indicative target for the third year of application. The grounds given by the Council for using indicative rather than mandatory targets is that the Member States do not want to be taken to the European Court of Justice for failing to implement a 6% target – especially if they have already achieved, say, a 5% target.

- The Common Position does not make reference to a separate, higher target for the public sector but it does require the public sector to fulfil an exemplary role and to take one or more energy efficiency improvements – such as legislative initiatives and/or voluntary agreements or other schemes with an equivalent effect. In addition, Member States are expected to monitor their performance in relation to a national indicative savings target. Regarding the cost-effectiveness of measures, the Member States want to take the most effective measures for cutting costs – irrespective of whether this is in the public or private sector.

- The Common Position introduces a comitology procedure. Its main tasks will be to help develop the methods of calculation set out in the Annexes. Provisions have been introduced allowing for the use of voluntary agreements to help contribute to the indicative targets.

In other, more editorial changes, the Council has:

- Introduced several new recitals and expanded existing recitals.

- Changed the wording whereby rather than developing a market for energy services the Directive's provisions will now seek *to create* the conditions.

- Exempted transport undertakings which rely primarily on the use of aviation and maritime bunker fuels from the scope of the Directive. Certain parts of the armed forces have similarly been excluded.

- Attempted to align the definitions in Article 3 with those in other Community legislation.

- Introduced an element of flexibility regarding cost-effective measures. The list of public purchasing guidelines has been moved to Annex V in order to exclude other potential cost-effective measures which the public sector could take.

- Ensured optimal transparency concerning information relating to energy efficiency mechanisms and financial/legal frameworks.

- Allowed Member States, *where necessary*, to make qualification, certification and accreditation schemes available to energy service providers – rather then making the Member States responsible for ensuring that *all* market players have access to them.

- Introduced two paragraphs allowing for other, less costly audit measures as well as allowing audits resulting from schemes based on voluntary agreements.

- Replaced the Commission proposed deadline of 01/06/2006 for transposition with a more realistic deadline of two years.

- Amended Annex I to reflect the new methodology for calculating national savings targets.

- Made it clear in Annex III that the list contains examples of eligible measure, rather than being limited in nature.

- Made changes to Annex IV by adding details for the top-down and bottom-up calculation methods. Further, changes have been made to the list of harmonised lifetimes for energy efficiency improvements.

To conclude, the Council notes that both institutions have expressed their support for the overall aim of the Commission's proposal. The Council is of the view that its Common Position does justice to the over-arching objective of the proposal.

Energy end-use efficiency and energy services

2003/0300(COD) - 27/06/2005

The Council reached political agreement on the proposal for a Directive on energy end-use efficiency and energy services with a view to adopting its common position under the co-decision procedure. After the text has been checked by the Legal/Linguistic Experts, the Council will formally adopt its common position at a forthcoming meeting and communicate it to the European Parliament under the co-decision procedure.

The Commission spoke of the importance it attached to keeping mandatory targets, a view supported by the European Parliament in its Opinion.

The Commission's original proposal aimed to stimulate energy efficiency by introducing mandatory savings targets for Member States and taking measures that would assist the development of the market in energy services. The proposal focuses on the demand side (i.e. the end-user and retail suppliers), and can therefore be seen as a complement to earlier Community legislation which concerned the supply side. It aims to contribute to the achievement of the EU's Kyoto emissions-reduction target and will have positive effects on security of supply.

Instead of a mandatory savings target for each Member State as in the Commission's original proposal, the compromise text put forward by the Presidency and adopted by the Council speaks of an indicative target. But the Member States will still be required to take steps towards achieving the indicative target (6% over a period of six years). The text gives examples of admissible measures for improving energy efficiency and also a general framework for measuring and verifying energy savings.

For the public sector, the Commission had proposed a higher target of 1.5%. Under the current text, "Member States shall ensure that the public sector fulfils an exemplary role in the context of this Directive." Public-sector measures will be taken at the appropriate national, regional and/or local level, and may consist of legislative initiatives and/or voluntary agreements or other schemes with an equivalent effect.

Energy end-use efficiency and energy services

2003/0300(COD) - 26/09/2005 - Commission communication on Council's position

The Commission accepts the Council’s Common Position in light of the fact that most of the changes are acceptable compromises and act as a good basis for the second reading of the proposal. Generally speaking, the Common Position is faithful to the spirit of the Commission’s original proposal.

There are, however, two exceptions to the rule, namely changing the nature of the overall savings target from *binding* to *indicative* and removing the public sector from the savings target.

There are many issues incorporated into the Common Position, which the Commission considers positive to the overall final look of the Directive. They refer, in particular, to matters such as improved definitions, a satisfactory comitology process and a useful framework for measuring energy efficiency improvements. Other matters considered an improvement on the original proposal are the additional flexibility for the cost-effective implementation of the Directive within the Member States. In addition, the Commission commends the Common Position for introducing the promotion of financial instruments for energy efficiency investments and the use of innovative tariff structures, the enhanced structure of efficiency funds and the availability and quality of assurance of energy audits.

In spite of the many improvements, however, the Commission regrets the absence of meaningful mandatory targets in the Common Position. The Commission, therefore, underscores that it cannot accept the Common Position’s modification of the 1% mandatory overall savings target to an indicative target. For the same reason, the Commission cannot accept a weakening of the 1.5% mandatory public sector target by making it a simple requirement for the Member States to ensure that the public sector undertakes energy efficiency measures. Moreover, the Commission deems it unacceptable that the Common Position includes a recital reiterating that indicative targets are not legally binding. Given that Member States have expressed their agreement for improved energy efficiency, the Commission perceives a certain inconsistency in the concern voiced by the Member States regarding infringement procedures for non-achievement of the target level of savings. This is in view of the fact that Member States need only take those measures that are cost-effective. Also, while the “energy-consuming” behaviour of individual citizens and undertaking may sometimes be difficult to influence as much as is desirable, energy efficiency improvements in the public sector can be strongly influenced.

Generally speaking, the Commission is concerned that by not meeting the overall annual savings target set forth in the proposal, Member States and the EU as a whole will find it difficult to meet their Kyoto commitments. Further, a unique opportunity to improve the security of the EU’s energy supply will be lost. To conclude, the Commission recognises the merits of the Common Position describing it as a useful stepping-stone upon which to build further. As such it can also act as a useful instrument to go back and resolve a few of the outstanding issues concerning meaningful targets and the need to accept a leading role for the public sector.

Energy end-use efficiency and energy services

2003/0300(COD) - 05/04/2006 - Final act

PURPOSE: to enhance the cost-effective improvement of energy end-use efficiency in the Member States.

LEGISLATIVE ACT: Directive 2006/32/EC of the European Parliament and of the Council on energy end-use efficiency and energy services and repealing Council Directive 93/76/EEC.

CONTENT: in agreeing on this Act the EU intends to contribute towards the improved security of energy supply as well as reducing the emission of dangerous greenhouse gases. Improved energy end-use efficiency will make it possible to exploit potential cost-effective energy savings in an economically viable way. The realisation of the Directive’s principle objective, i.e. the cost-effective improvement of energy end-use efficiency in the Member States, will be achieved by setting energy savings targets of 9% for the ninth year of the Directive’s application. In other measures, the Directive sets out provisions which create the conditions needed for the development and promotion of a market for energy services and for the delivery of other energy efficiency improvement measures for final consumers.

In addition to setting a 9% target, the Directive obliges the Member States to prepare three national energy efficiency action plans (EEAP). The public sector is expected to fulfil an exemplary role in achieving the objective's of this Directive and must invest, maintain and ensure that related expenditure on energy-using equipment, is spent bearing energy-efficiency in mind. Rules on improved consumer information and energy consumption are spelt out as are provision on better metering and the billing of energy consumption.

The first energy efficiency action plan must be submitted no later than 30 June 2007.

TRANSPOSITION: 17 May 2008. For Article 14 (1), (2) and (4) relating to the Reporting requirements of the EEAPs, the deadline for transposition is 17 May 2006.

ENTRY INTO FORCE: 17 May 2006.

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 Mechtild 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 energyconversion 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.

Energy end-use efficiency and energy services

2003/0300(COD) - 10/12/2003

This document comprises of the communication from the Commission on energy infrastructure and security of supply. Europe needs an energy industry that is reliable, in terms of security and continuity of supply; sustainable, in terms of its environmental performance; and competitive, i.e. delivering an efficient service to households and business -and thus contributing to the competitiveness of the European Economy and the quality of life of its citizens. The internal market, moreover, needs to contribute to the underlying objective of sustainable competition. This, above all, relates to the EU's environmental commitments to control the emission of greenhouse and other gases. In addition, it must be ensured that the internal energy market develops in a manner that provides the highest possible standards of security of supply for European citizens and industry. This has two elements; system security, and ensuring adequate supplies of gas and electricity in both the medium and the long term. - A successful electricity industry must deliver a continuous equilibrium between supply and demand of electricity while also allowing for competition between different generators and suppliers. In addition to the market opening measures already in force appropriate incentives to invest in both transmission and distribution networks as well as for demand management and\or electricity generation are central to these objectives. Without such investments the reforms of the electricity sector will not succeed and there will be an ever increasing risk of interruptions if demand for electricity continues to grow at its current rate and the strain on the network increases. - As for electricity there is a need to ensure that the gas network is adequately developed to provide both a competitive market structure and ensure security of supply. This point has been emphasised in successive Commission Communications on the energy market. The current situation for gas is however subtly different. Firstly, because actual physical congestion of pipelines is not so frequent and there should already be scope for considerable cross border trade if the regulatory framework was improved; and secondly, because an important difference between gas and electricity is the possibility of storing gas and the greater degree of interruptible consumption. For this reason, an event analogous to a general "black-out" is not likely. This means that the concerns relating to the timing of investment do not have the same degree of importance. However it is still necessary that required infrastructure is developed. It is also of note that the security of supply question is equally related to investments outside the EU. In this context, the Commission proposed a new legislative package to promote investment in the European energy sector to both strengthen competition and help prevent the reoccurrence of the blackouts that took place in the summer of 2003. In particular, it highlights the major importance of a clear demand management, through the development of a more oriented energy efficiency policy. It also emphasises the need of a clear EU legislative framework for the proper functioning of a competitive internal market for electricity, by safeguarding security of electricity supply and ensuring an adequate level of interconnection between Member States, through general, transparent and non-discriminatory policies. Moreover, the Commission makes further proposals for the Energy Transeuropean networks in electricity and gas, in order to make it more efficient, to link decisively the future new Member States to the Energy Single Market, and to develop a similar approach with neighbouring countries. It also proposes a regulation on cross-border exchanges in gas which will incorporate in the EU legislation the guidelines agreed by the sector and empower the national regulators to ensure their implementation.

Energy end-use efficiency and energy services

2003/0300(COD) - 10/12/2003 - Legislative proposal

PURPOSE : to enhance the cost-effective and efficient end-use of energy in the Member States. CONTENT : there is a clear need to improve the functioning of the energy market by removing barriers in order to allow market forces to allocate economic and natural resources effectively. Competition from energy-efficient end-use technologies can thus bring greater economic efficiency to the ongoing reform of the internal energy market. The prime objective of this proposal is to ensure more efficient end use of energy. One of the main mechanisms to promote this is by supporting and accelerating the development of a smooth functioning, commercially viable and competitive market for cost-effective energy efficiency measures. In addition, market subsidy and a certain level of government programmes are necessary in order to remove some of the market failures, although this must be carried out without distorting the competitive market that is being developed. These subsidies and supports should give way to the provision of energy services, energy efficiency programmes and other energy efficiency measures on purely commercial grounds. A market approach could also be provided by introducing so-called "white certificates", tradable energy efficiency certificates. This proposal has the objective of increasing end-use energy efficiency, using a number of operational measures. One of these measures is to develop the market for energy services, thus making energy efficiency an integral part of the internal market for energy. The proposal does this by providing a framework to promote the market both for energy services and for energy efficiency measures in general in major energy end-use sectors. The proposal covers the retail supply and distribution of extensive net-bound energy carriers, such as electricity and natural gas, together with other important energy types, such as district heating, heating fuel, coal and lignite, forestry and agricultural energy products and transport fuels. The proposal also includes a savings target at Member State level as a means of measuring energy efficiency improvements and reaching sufficient market demand for energy services. It also includes a savings target for the public sector, plus an obligation for Member States to ensure that certain energy distributors and/or retail supply companies offer energy services to their customers. This proposal, focusing on the promotion of end-use efficiency, should be regarded as a necessary instrument to complement the recently adopted legislation on the opening of the internal energy market, which mainly leads to efficiency improvements on the supply side. By the envisaged efficiency improvements, the proposal will contribute to the mitigation of greenhouse gas emissions in view of meeting the EU's Kyoto emission reduction target of 8% in 2008-2012, as well as the individual targets of the acceding states,and to improving the European Union's security of supply as underlined in the Commission's Green Paper "Towards a European Strategy for Energy Supply". Security of supply will be improved because energy efficiency measures will reduce energy demand and thus lessen import dependence. Improved energy efficiency will also allow more rapid intervention if necessary to shift or reduce peak loads on theinfrastructure of grid-bound energy, such as electricity. Recent blackouts in the EU have once again highlighted the necessity of managing energy demand.

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2003/0300(COD) - 23/01/2008 - Follow-up document

This report has been prepared by the Commission in accordance with requirements set out in Directive 2006/32/EC on energy end-use efficiency and energy savings. Under the terms of the Directive, each Member State is required to prepare a “National Energy Efficiency Action Plan” (NEEAPs) and to notify it to the Commission by 30 June 2007. Not all Member States managed to meet this obligation. Hence this report is based on 17 NEEAPs only and as such offers a partial response only. This, the first such report, provides an overview of the range of strategies and measures presented by the Member States and it identifies good practices which merit closer examination.

Energy conservation and energy efficiency improvements are of increasing importance within the context of environmental sustainability and the security of energy supply. The NEEAPs provide a practical demonstration of Member States’ commitment to achieving reduced CO2 targets. The report notes that whilst efficiency improvements are already being achieved and leading to a decrease in energy intensity, the total energy consumption in Europe is, nevertheless, increasing. This in turn leads to increased CO2 emissions and fossil fuel import dependency.

To recall, the Directive requires that the Member States adopt a 9% indicative energy end-use savings target by 2016 and that the legal framework for promoting energy efficiency is up and running by the end of 2016. Further, by 2010 the Member States must have established a national indicative savings target. In other provisions, the Directive requires that the public authorities set an exemplary role in order to encourage other actors to undertake energy efficiency action plans. In short, they are to demonstrate to others that they are stepping up to the challenge and leading by example.

A first assessment:

The first review of the 17 NEEAPs submitted indicates that five Member States have adopted a savings target that goes beyond the minimum target of 9%. Several Member States say they intend to achieve higher savings targets but fail to specify, formally, how they are going to achieve this. Several NEEAPs envisage that a sizeable portion of their total savings, over the nine-year period, will come from so called existing or “early actions”. Six NEEAPS do not cover the entire nine-year period set by the Directive.

As far as the exemplary role of the public sector is concerned the report notes that several Member States have set out comprehensive action plans, demonstrating that they are stepping up to the challenge and leading by example. On the other hand, several Member States state that they will comply with the Directive’s provisions on public sector requirements but fail to describe how. On the matter of promoting energy efficiency, it appears that most of the Member States will advocate energy efficiency through general information campaigns and/or targeted efforts linked to incentive schemes. An array of incentive schemes (financial and fiscal) are set out in the NEEAPs. Many are horizontal in nature, addressing more than one sector. Other instruments include voluntary agreements; market based instruments; and energy service companies (ESCOs). In other measures, many Member States have set up the institutional infrastructure to facilitate an energy efficiency programme (i.e. Energy Agencies) as well as putting considerable effort into considering transport and spatial planning initiatives (i.e. fuel efficiency initiatives).

Among the NEEAPs reviewed by the Commission, several present comprehensive strategies and plans that are likely to deliver savings beyond the required 9%. However, many of the plans offer a “business-as-usual” approach that fail to offer forward-thinking, visionary strategies..

Moving forward:

Within the coming months, the Commission will continue to analyse and review the NEEAPs with a view to assessing whether they are realistic. In the meantime infringement procedures against those Member States who have failed to notify their NEEAPs will continue.

Conclusions:

To conclude the report, the Commission notes that the NEEAPs offer an opportunity to focus on energy efficiency – a matter of strategic importance to the EU. Whilst, at first glance the NEEAPs offer some encouragement, they also reveal considerable gaps between political commitment and measures adopted. The Commission, therefore, looks forward to the submission of further plans and the exchange of best practice. Progress towards strategic objectives, as agreed in March 2007, will be assessed in the second Strategic Energy Review, which in turn will help formulate recommendations for future policy developments. This will almost certainly include an energy efficiency component. The report concludes by setting out, in Annex, data on the calculation of CO2 benefits from the savings targets, as provided for in the Energy Services Directive.

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2003/0300(COD) - 08/01/2014

The Commission presents a progress report on the application of **Directive 2006/32/EC** on energy end-use efficiency and energy services and on the application of Directive 2004/8/EC on the promotion of cogeneration based on a useful heat demand in the internal energy market.

In accordance with the requirements of Directive 2006/32/EC on energy services, Members States were required to fix and aim to achieve a national indicative energy savings target for 2016 of at least 9% of final energy. Most of the provisions of this Directive have been replaced by more precisely detailed provisions in the EED. However, the requirements related to the 9% target will not be repealed until 2017.

Quality of EEAPs: the Directive on energy services (ESD) requires that Member States report on their main adopted and planned energy efficiency measures in their Energy Efficiency Action Plan (EEAPs). In general, the Commission considers that the overall quality of the second EEAPs submitted by the Member States in 2011-2012 under the framework of the ESD was **much higher than that of the first EEAPs**, which were submitted in 2007-2008.

Final energy savings: in practice implementation of the ESD has resulted, above all, in measures targeting energy end use, for example, **programmes to refurbish and renovate buildings.**

Almost all Member States reported, in their second EEAPs, measures covering both new and existing buildings as well as residential and tertiary buildings.

Encouraging results: Member States' EEAPs indicate high levels of final energy savings achieved up to 2010 and suggest that **the 9% indicative target for 2016 will be comfortably exceeded by most Member States.** Total final energy savings for 2010 as declared by the Member States were approximately 59 Mtoe (million tonnes of oil equivalent). **Total final energy savings of around 132 Mtoe are forecast for 2016,** well in excess of the 9% indicative target of approximately 89 Mtoe. Spain and Germany forecast the highest levels of savings, while four Member States (Austria, Czech Republic, Denmark and Estonia) quantify 2016 savings that are lower than 9% of their reference energy consumption.

The levels of overall savings achieved and forecast in the second EEAPs are higher than other indicators of energy efficiency improvement rates. According to the second EEAPs, Member

States that use mostly top-down indicators declare **an energy efficiency improvement of 6.6% for the 3-year intermediate period (2007-2010),** or an average annual improvement of over 2.1% of reference consumption. This figure is in contrast with the average rate of final energy intensity reduction of around 1.2% recorded for the years 2000-2009 by the Odyssee project.

The Commission states that this is encouraging and shows that Member States' commitment pays off in terms of energy saving.

Financing: in terms of financing energy saving measures, the use of **EU funds** as well as revenues from the sale of Assigned Amount Units (AAUs) under the **Kyoto Protocol** have been reported by a number of Member States. At the same time, efforts to increase the involvement of the private sector in the financing of energy efficiency improvements are on the rise throughout the EU.

Horizontal measures: the number of promising horizontal measures has increased from the first to the second reporting period. In line with this, **energy savings obligations now form a key part of efforts to encourage accelerated rates of energy savings**. Established white certificate schemes were reported as being already operational in five Member States. Two Member States report in their second EEAP the upcoming introduction of such schemes.

Energy Services Companies ('ESCOs'): these remain a further key area of financing energy efficiency in the EU. In line with this, a number of Member States indicate the provision of **model contracts for energy services**, the introduction of legislation or the removal of legal barriers to open energy services in the public sector to ESCOs.

The Commission concludes that the progress achieved should be maintained in views of achieving the EU's ambitious 2020 energy savings target of 20%, and the concrete transposition and implementation of the EED, a key instrument to achieving that target.

It states that **proposals for additional measures or amendments to the ESD Directive are not considered appropriate** at this time.