

## Proposal amending Directive 2012/27/EU on the Energy Efficiency Directive

### CEDEC - Background information

CEDEC represents the interests of 1.500 local and regional energy companies with a total turnover of €120 billion, serving 85 million electricity and gas customers and connections, with more than 350.000 employees.

These predominantly medium-sized local and regional energy companies have developed activities as electricity and heat generators, as operators of distribution grids and metering systems for electricity, gas and heating & cooling, and as energy (services) suppliers.



The wide range of services provided by local utility companies is reliable, sustainable and close to the customer. Through their investments and local jobs, they make a significant contribution to local and regional economic development.

## RECOMMENDATIONS FOR THE CLEAN ENERGY PACKAGE

CEDEC welcomes the European Union's goal to reconcile **ambitious energy and climate targets in a coherent legislative package** that will put energy efficiency first, stimulate more sustainable energy sources, and change the energy market design where necessary to deliver the energy transition at the lowest societal cost.

That is why CEDEC, the European Federation of Local Energy companies, supports the European Commission's objective of adapting different parts of the existing legislative framework to **deliver a more sustainable energy system**, built on citizens' engagement and customers' trust.

As local energy companies, operating close to citizens and customers, we believe in the need to **boost the local dimension**, not only through political messages but also with a legal and regulatory framework that incentivises decentralised and integrated solutions, linking electricity, gas and heating & cooling.

A particular challenge for a review of the market design is to **create a true level playing field** between established and new market actors, in both the generation and the supply of energy products and services. A competitive and flexible European internal energy market can only function if all actors – big and small – can participate actively, with a **clear definition of roles and responsibilities**.

An incentivising framework and an adequate toolbox have to be available for the **Distribution System Operator (DSO) as market facilitator** in a decentralising energy system : with 90% of renewable energy sources connected to the distribution grids, the balancing of demand and supply becomes an increasingly local issue. Also, detailed information on all grid elements and on the customers connected to the grid becomes essential raw materials for smart grid management.

DSOs must be able to acquire the flexibility they need for the grid management, through **flexibility services** or different forms of **energy storage**. They can procure it on the market when competitively priced and well-targeted services are available; if not, they can contract flexibility directly with interested customers and local generators, or own and operate the necessary storage assets in the grid.

EU legislation must find the right **balance between market-based approaches**, that can contribute to lower costs and innovation, **and effective regulation**, which is at times needed to overcome market failures and to achieve objectives of general social and economic interest.

While considering a European dimension where appropriate, and supporting better interconnections where needed, Member States must be allowed to take into account the characteristics of their national energy landscape, with its current and future energy mix, with the potential of renewable and local resources, and with the existing details of market design.

**Subsidiarity**, along with **proportionality** of EU legislation, will be key to achieving a cost-efficient decentralising energy market that delivers for local authorities, citizens and customers.

Article	Text proposed by the Commission	CEDEC amendment
<p><b>Article 1</b></p> <p><b>Subject and scope</b></p>	<p>1. This Directive establishes a common framework of measures to promote energy efficiency within the Union in order to ensure that the Union's 2020 20 % headline targets and its 2030 30 % <b>binding</b> headline targets on energy efficiency are met and paves the way for further energy efficiency improvements beyond those dates. It lays down rules designed to remove barriers in the energy market and overcome market failures that impede efficiency in the supply and use of energy, and provides for the establishment of indicative national energy efficiency targets and contributions for 2020 and 2030.</p>	<p>1. This Directive establishes a common framework of measures to promote energy efficiency within the Union in order to ensure that the Union's 2020 20 % headline targets and its 2030 30% <b>indicative</b> headline targets on energy efficiency are met and paves the way for further energy efficiency improvements beyond those dates. It lays down rules designed to remove barriers in the energy market and overcome market failures that impede efficiency in the supply and use of energy, and provides for the establishment of indicative national energy efficiency targets and contributions for 2020 and 2030.</p>
<p><b>Justification:</b></p> <p>CEDEC supports an ambitious EU target for energy efficiency in 2030, that will cost-efficiently ensure that EU stays on the right track to achieve the politically agreed 2050 targets.</p> <p>An indicative EU target seems to address correctly the formulated ambitions, given the large number of binding measures foreseen in the reviewed directive.</p>		

Article	Text proposed by the Commission	CEDEC amendment
<p><b>Article 3</b></p> <p><b>Energy efficiency targets</b></p>	<p>Article 3 – paragraph 1 – subparagraph 2 – point a</p> <p>(a) that the Union’s 2020 energy consumption has to be no more than 1 483 Mtoe of primary energy <b>and</b> no more than 1 086 Mtoe of final energy;</p>	<p>(a) that the Union’s 2020 energy consumption has to be no more than 1 483 Mtoe of primary energy <b>or</b> no more than 1 086 Mtoe of final energy;</p>
<p><b>Justification:</b></p> <p>The proposal of the Commission represents a significant reduction of flexibility in the implementation of the directive. Therefore CEDEC proposes to change back to the wording of the original Directive 2012/27/EU, namely : when setting the national targets expressed as absolute values, Member States should continue to have the choice between primary energy consumption OR final energy consumption.</p> <p>The same justification supports the changes in the following CEDEC amendments in article 3 (art 3.2, 3.3.d, 3.4)</p>		

Article	Text proposed by the Commission	CEDEC amendment
<p><b>Article 3</b></p> <p><b>Energy efficiency targets</b></p>	<p>Article 3 – paragraph 2</p> <p>2. By 30 June 2014, The Commission shall assess progress achieved and whether the Union is likely to achieve energy consumption of no more than 1 483 Mtoe of primary energy <b>and</b> no more than 1 086 Mtoe of final energy in 2020.</p>	<p>2. By 30 June 2014, The Commission shall assess progress achieved and whether the Union is likely to achieve energy consumption of no more than 1 483 Mtoe of primary energy <b>and/or</b> no more than 1 086 Mtoe of final energy in 2020.</p>
<p><b>Justification:</b></p> <p>The proposal of the Commission represents a significant reduction of flexibility in the implementation of the directive. Therefore CEDEC proposes to change back to the wording of the original Directive 2012/27/EU, namely : when setting the national targets expressed as absolute values, Member States should continue to have the choice between primary energy consumption OR final energy consumption.</p>		

Article	Text proposed by the Commission	CEDEC amendment
<p><b>Article 3</b></p> <p><b>Energy efficiency targets</b></p>	<p>Article 3 – paragraph 3 – point d</p> <p>(d) compare the results under points (a) to (c) with the quantity of energy consumption that would be needed to achieve energy consumption of no more than 1 483 Mtoe of primary energy <b>and</b> no more than 1 086 Mtoe of final energy in 2020.</p>	<p>(d) compare the results under points (a) to (c) with the quantity of energy consumption that would be needed to achieve energy consumption of no more than 1 483 Mtoe of primary energy <b>or</b> no more than 1 086 Mtoe of final energy in 2020.</p>
<p><b>Justification:</b></p> <p>The proposal of the Commission represents a significant reduction of flexibility in the implementation of the directive. Therefore CEDEC proposes to change back to the wording of the original Directive 2012/27/EU, namely : when setting the national targets expressed as absolute values, Member States should continue to have the choice between primary energy consumption OR final energy consumption.</p>		

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<p><b>Article 3</b></p> <p><b>Energy efficiency targets</b></p>	<p>Article 3 – paragraph 4</p> <p>4. Each Member State shall set indicative national energy efficiency contributions towards the Union's 2030 target referred to in Article 1 paragraph 1 in accordance with Articles [4] and [6] of Regulation (EU) XX/20XX [Governance of the Energy Union]. When setting those contributions, Member States shall take into account that the Union’s 2030 energy consumption has to be no more than 1 321 Mtoe of primary energy and no more than 987 Mtoe of final energy. Member States shall notify those contributions to the Commission as part of their integrated national energy and climate plans in accordance with the procedure pursuant to Articles [3] and [7] to [11] of Regulation (EU) XX/20XX [Governance of the Energy Union].’;</p>	<p>4. Each Member State shall set indicative national energy efficiency contributions towards the Union's 2030 target referred to in Article 1 paragraph 1 in accordance with Articles [4] and [6] of Regulation (EU) XX/20XX [Governance of the Energy Union]. When setting those contributions, Member States shall take into account that the Union’s 2030 energy consumption has to be no more than 1 321 Mtoe of primary energy <b>or</b> no more than 987 Mtoe of final energy. Member States shall notify those contributions to the Commission as part of their integrated national energy and climate plans in accordance with the procedure pursuant to Articles [3] and [7] to [11] of Regulation (EU) XX/20XX [Governance of the Energy Union].’;</p>
<p><b>Justification:</b></p> <p>The proposal of the Commission represents a significant reduction of flexibility in the implementation of the directive. Therefore CEDEC proposes to change back to the wording of the original Directive 2012/27/EU, namely : when setting the national targets expressed as absolute values, Member States should continue to have the choice between primary energy consumption OR final energy consumption.</p>		

Article	Text proposed by the Commission	CEDEC amendment
<p><b>Article 7</b></p> <p><b>Energy savings obligation</b></p>	<p>Article 7 – paragraph 1 – subparagraph 1 – point b</p> <p>(b) new savings each year from 1 January 2021 to 31 December 2030 of 1.5 % of annual energy sales to final customers by volume, averaged over the most recent three-year period prior to 1 January 2019.</p>	<p>(b) new savings each year from 1 January 2021 to 31 December 2030 of 1.5 % of annual energy sales to final customers by volume, averaged over the most recent three-year period prior to 1 January 2019, <b><i>or less than 1.5% if realized savings before 2020 allow the Member State to be on track for the achievement of its contribution to the 2030 energy and climate targets.</i></b></p>
<p><b>Justification:</b></p> <p>A Member State that over performed in the period before 2020 should be allowed to propose a trajectory lower than 1,5% on the strict condition that it is on the right track to achieve its 2030 energy and climate targets .</p>		

Article	Text proposed by the Commission	CEDEC amendment
<p><b>Article 7</b></p> <p><b>Energy savings obligation</b></p>	<p>Article 7 – paragraph 1 – subparagraph 2</p> <p>Member States shall continue to achieve new annual savings <i>of 1.5%</i> for ten year periods after 2030, <i>unless</i> reviews by the Commission by 2027 and every 10 years thereafter <i>conclude that this is not necessary</i> to achieve the Union's long term energy and climate targets for 2050.</p>	<p>Member States shall continue to achieve new annual savings for ten year periods after 2030, <i>based on</i> reviews by the Commission by 2027 and every 10 years thereafter <i>in order</i> to achieve the Union's long term energy and climate targets for 2050.</p>
<p><b>Justification:</b></p> <p>For the period after 2030, a specific percentage should only be fixed after a review by the Commission by 2027 and every ten years thereafter. Depending on the result of the review, the new annual savings percentage can be adapted downwards or upwards in order to guarantee that the Union's long term energy and climate targets for 2050 are effectively achieved.</p>		

Article	Text proposed by the Commission	CEDEC amendment
<p><b>Article 7</b></p> <p><b>Energy savings obligation</b></p>	<p><b>Article 7 – paragraph 2 – point c a (new)</b></p>	<p><i>(c a ) allow additional savings achieved through more sustainable technologies in district heating and cooling systems in urban environments (leading equally to reductions of pollutants and particulates) to be counted towards the amount of energy savings required under paragraph 1;</i></p>
<p><b>Justification:</b></p> <p>Additional options that contribute to higher energy efficiency should be added. As district heating and cooling is recognised as one of the most promising instruments for contributing to the ambitious targets on energy efficiency and renewable energy sources development, and given its additional value in reducing pollutants and particulates in urban environments, this option deserves to be added.</p>		

Article	Text proposed by the Commission	CEDEC amendment
<p style="text-align: center;"><b>Article 7</b></p> <p style="text-align: center;"><b>Energy savings obligation</b></p>	<p><b>Article 7 – paragraph 2 – point c b (new)</b></p>	<p><i>(c b) establish instruments that certify energy savings resulting from energy audits or equivalent energy management systems referred to in Article 8, in order to count these savings towards the amount of energy savings required under paragraph 1;</i></p>
<p><b>Justification:</b></p> <p>Additional options that contribute to higher energy efficiency should be added. Certified energy savings resulting from energy audits referred to in article 8 should be allowed as an additional option, as energy savings in large companies can be very significant.</p>		

Article	Text proposed by the Commission	CEDEC amendment
<p><b>Article 7</b></p> <p><b>Energy savings obligation</b></p>	<p>Article 7 – paragraph 2 – point (e)</p> <p>(e) exclude from the calculation of the energy savings requirement referred to in paragraph 1 the verifiable amount of energy generated on or in buildings <i>for own use</i> as a result of policy measures promoting new installation of renewable energy technologies.</p>	<p>(e) exclude from the calculation of the energy savings requirement referred to in paragraph 1 the verifiable amount of energy generated on or in buildings as a result of policy measures promoting new installation of renewable energy technologies.</p>
<p><b>Justification:</b></p> <p>The option to exclude the verifiable amount of renewable energy generated on or in buildings should be extended, whether or not these amounts are generated “for own use”. Even locally generated renewable energy supplied to customers avoids CO2 emissions, and therefore should not be subject to the energy savings obligation.</p>		

Article	Text proposed by the Commission	CEDEC amendment
<p><b>Article 7</b></p> <p><b>Energy savings obligation</b></p>	<p>Article 7 – paragraph 3</p> <p>3. All the options chosen under paragraph 2 taken together must amount to no more than <b>25 %</b> of the amount of energy savings referred to in paragraph 1. Member States shall apply and calculate the effect of the options chosen for the periods referred to in points (a) and (b) of paragraph 1 separately:</p>	<p>3. All the options chosen under paragraph 2 taken together must amount to no more than <b>40 %</b> of the amount of energy savings referred to in paragraph 1. The options chosen under paragraph 2.(b) must amount to no more than <b>25 %</b> of the amount of energy savings referred to in paragraph 1. Member States shall apply and calculate the effect of the options chosen for the periods referred to in points (a) and (b) of paragraph 1 separately:</p>
<p><b>Justification:</b></p> <p>More weight should be given to the options in paragraph 3, as the list has been extended with new options. Therefore, the options under paragraph 2 should not represent more than 40% (instead of 25%) of the energy savings in paragraph 1. Simultaneously, an additional limit should be imposed on the use of article 7.2.(b) (ETS) : it should not represent more than 25% of the energy savings in paragraph 1.</p>		

Article	Text proposed by the Commission	CEDEC amendment
<p><b>Article 7a</b></p> <p><b>Energy efficiency obligation schemes</b></p>	<p>Article 7a – paragraph 5 – point (a)</p> <p>5. Within the energy efficiency obligation scheme, Member States:</p> <p>(a) <b>shall</b> include requirements with a social aim in the saving obligations they impose, including by requiring a share of energy efficiency measures to be implemented as a priority in households affected by energy poverty and in social housing;</p>	<p>5. Within the energy efficiency obligation scheme, Member States:</p> <p>(a) <b>may</b> include requirements with a social aim in the saving obligations they impose, including by requiring a share of energy efficiency measures to be implemented as a priority in households affected by energy poverty and in social housing;</p>
<p><b>Justification:</b></p> <p>Given the very different approaches in Member States to address energy poverty, it should be left to Member States to decide if they address energy poverty through social policy and/or energy policy measures, among which targeted energy efficiency measures for energy poor households and vulnerable customers.</p>		

Article	Text proposed by the Commission	CEDEC amendment
<p><b>Article 7a</b></p> <p><b>Energy efficiency obligation schemes</b></p>	<p>Article 7a – paragraphe 5 – point (c)</p> <p>(c) may allow obligated parties to count savings obtained in a given year as if they had instead been obtained in any of the four previous or three following years <b><i>as long as this is not beyond the end of the obligation periods set out in Article 7(1).</i></b></p>	<p>(c) may allow obligated parties to count savings obtained in a given year as if they had instead been obtained in any of the four previous or three following years.</p>
<p><b>Justification:</b></p> <p>Savings in terms of final energy consumption should also be taken into account beyond the obligation period defined in article 7(1), in order to avoid reduction of investments in the years just before the end of the obligation period</p>		

Article	Text proposed by the Commission	CEDEC amendment
<p>Article 7a</p> <p>Energy efficiency obligation schemes</p>	<p>Article 7a – paragraph 5 – point (d) new</p>	<p><i>(d) may permit obligated parties to count towards their obligation the end-use energy savings achieved in efficient heating &amp; cooling infrastructure.</i></p>
<p><b>Justification:</b></p> <p>The end-use energy savings resulting from efficient Heating &amp; Cooling infrastructure should be creditable for obligated parties.</p>		

Article	Text proposed by the Commission	CEDEC amendment
<p><b>Article 8</b></p> <p><b>Energy audits and energy management systems</b></p> <p><i>(not under review)</i></p>	<p>Article 8 – paragraph 6</p> <p>6. Enterprises that are not SMEs and that are implementing an energy <i>or environmental</i> management system - certified by an independent body according to the relevant European or International Standards - shall be exempted from the requirements of paragraph 4, <b><i>provided that Member States ensure that the management system concerned includes an energy audit on the basis of the minimum criteria based on Annex VI.</i></b></p>	<p>6. Enterprises that are not SMEs and that are implementing an energy management system - certified by an independent body according to the relevant European or International Standards - shall be exempted from the requirements of paragraph 4.</p>
<p><b>Justification:</b></p> <p>The EED explicitly mentions in recital (24) the relevance of standards such as EN ISO 50001, EN 16247-1 and EN ISO 14000. In Article 8 these systems should be considered as compliant to the requirements of promoting high quality energy audits.</p> <p>In order to ensure a clarification of this measure , it is necessary to modify the paragraph 6 art. 8 and make it coherent with the above mentioned recital (24). In fact, the current text can lead to misleading interpretation and different implementation of the measure across Member States .</p> <p>Notably, the CEDEC amendment tackles the purpose of clarifying the exemption from the obligation under paragraph 4 for the enterprises carrying out an energy management system such as EN ISO 50001, or the standard EN 16247-1. Since standard ISO 14000 is compliant with the provision of paragraph 4 only in case an energy audit is included, the proposal is to delete the reference to the environmental management system</p>		

Article	Text proposed by the Commission	CEDEC amendment
<p><b>Article 9a</b></p> <p><b>Metering, sub-metering and cost allocation for heating and cooling and domestic hot water</b></p>	<p>Article 9 a – paragraph 1</p> <p>1. Member States shall ensure that final customers for district heating, district cooling and domestic hot water are provided with <i>competitively</i> priced meters that accurately reflect the final customer’s <i>actual</i> energy consumption.</p>	<p>1. Member States shall ensure that final customers for district heating, district cooling and domestic hot water are provided with <i>reasonably</i> priced meters that accurately reflect the final customer’s energy consumption, <i>as far as it is technically feasible and cost-efficient.</i></p>
<p><b>Justification:</b></p> <p>The article is not clear on how ‘competitively priced’ and ‘actual’ must be interpreted in the Heating &amp; Cooling business environment. Technical feasibility and cost-efficiency are elementary conditions for implementation.</p>		

Article	Text proposed by the Commission	CEDEC amendment
<p><b>Article 9a</b></p> <p><b>Metering, sub-metering and cost allocation for heating and cooling and domestic hot water</b></p>	<p>Article 9a – paragraph 2 – subparagraph 3</p> <p>In new buildings of the kind referred to in the first sub-paragraph or when such a building undergoes major renovation, as set out in Directive 2010/31/EU, individual meters shall <i>always</i> be provided.</p>	<p>In new buildings of the kind referred to in the first sub-paragraph or when such a building undergoes major renovation, as set out in Directive 2010/31/EU, <i>that includes renovation of the heating system</i>, individual meters shall be provided <i>where it is cost-efficient, and anyway with the exception of passive and nearly zero-energy buildings</i>.</p>
<p><b>Justification:</b></p> <p>Technical feasibility and cost-efficiency are elementary conditions for implementation.</p>		

Article	Text proposed by the Commission	CEDEC amendment
<p><b>Article 23</b></p> <p><b>Exercise of the delegation</b></p>	<p>Article 23 – paragraph 2</p> <p>2. The power to adopt delegated acts referred to in Article 22 shall be conferred on the Commission for a period of five years from 4 December 2017. The Commission shall draw up a report in respect of the delegation of power not later than nine months before the end of the five year period. The delegation of power shall <b><i>be tacitly extended for periods of identical duration</i></b>, unless the European Parliament or the Council <b><i>opposes such extension not later than</i></b> three months before the end of each period.</p>	<p>2. The power to adopt delegated acts referred to in Article 22 shall be conferred on the Commission for a period of five years from 4 December 2017. The Commission shall draw up a report in respect of the delegation of power not later than nine months before the end of the five year period. The delegation of power shall <b><i>automatically be suspended</i></b> unless the European Parliament or the Council <b><i>agree to an extension at least</i></b> three months before the end of each period.</p>
<p><b>Justification:</b></p> <p>CEDEC is opposed to the proposed permanent delegation of power. A continued delegation of power after a fixed period is conditional, if the Parliament and the Council explicitly and timely agree.</p>		