

Proposal for a recast Energy Efficiency Directive CEDEC amendments

RECOMMENDATIONS FOR THE RECAST ENERGY EFFICIENCY DIRECTIVE (EED)

CEDEC welcomes the Commission proposal for a recast Energy Efficiency Directive, which will strongly support EU efforts to meet the ambitious energy and climate targets through the binding Union's target for energy efficiency and by doubling the new yearly energy savings till 2030, to be applied in all economic and societal activities. Therefore, it is considered very positive that the “**Energy Efficiency First**” principle will be the leading principle in future policy, planning and investment decisions, including for **distribution network planning and development**.

As energy efficiency measures in the heating and cooling sector are key to achieve the EU targets, the strengthened provisions on **heating and cooling assessment and planning** in municipalities are evaluated positively.

The CO₂ limit values for **high-efficiency cogeneration (CHP)**, however, should be taken out of the EED, as higher efficiency should not be expressed in an absolute figure (like 270g) but in comparative terms. As an alternative this figure should be based on best available technologies, to be reviewed regularly. When promoting **efficient district heating and cooling**, cogeneration (CHP) must be kept on board as one of the most efficient types of generation, also playing a role in **security of supply**.

We welcome that the EED acknowledges the role of distribution system operators (DSOs) in the application of the Energy Efficiency first principle, through an integrated grid approach. However, the formal restriction that DSOs should not invest in stranded assets goes beyond energy efficiency measures and thus beyond the scope of this directive – besides being unnecessary as already verified by NRAs in the framework of grid tariff regulation.

Guidance: in **bold italics** we indicate where the Commission text is being modified and shows our related amendments; text struck through in the Commission text corresponds to existing provisions now being deleted by the Commission proposed review; text added or amended by the rapporteur is indicated in **bold italics**, and text in **red bold italics** indicates where rapporteur text is being modified and shows our related amendments. Wherever no text is presented, no amendment is being proposed.

AM 1 – Subject matter and scope – Indicative national contributions

Amendment 23 by the Rapporteur changing Article 1.1 subparagraph 2		
Text proposed by the Commission	Text proposed by Rapporteur	CEDEC amendment
<p>This Directive lays down rules designed to implement energy efficiency as a priority across all sectors, remove barriers in the energy market and overcome market failures that impede efficiency in the supply and use of energy. It also provides for the establishment of indicative national energy efficiency contributions for 2030.</p>	<p>This Directive lays down rules designed to implement energy efficiency as a priority across all sectors, remove barriers in the energy market and overcome market failures that impede efficiency in the supply and use of energy. It also provides for the establishment of binding national energy efficiency contributions for 2030.</p>	<p>This Directive lays down rules designed to implement energy efficiency as a priority across all sectors, remove barriers in the energy market and overcome market failures that impede efficiency in the supply and use of energy. It also provides for the establishment of indicative national energy efficiency contributions for 2030.</p>
<p>Justification: CEDEC supports the Commission proposal on indicative national energy efficiency contributions. Similar support for the Commission proposal in Art. 4.2 intro and in Art. 4.3 intro.</p>		

AM 2 – Energy efficiency targets – Proportionate extra obligations for the public sector

Amendment 48 by the Rapporteur changing Article 4.3		
Text proposed by the Commission	Text proposed by Rapporteur	CEDEC amendment
<p>3. Where the Commission concludes, on the basis of its assessment pursuant to Article 29(1) and (3) of Regulation (EU) 2018/1999, that insufficient progress has been made towards meeting the energy efficiency contributions, Member States that are above their indicative trajectories referred to in paragraph 2 of this Article shall ensure that additional measures are implemented within one year following the date of reception of the Commission's assessment in order to ensure getting back on track to reach their energy efficiency contributions. Those additional measures shall include, but shall not be limited to, the following measures:</p> <p>a. national measures delivering additional energy savings, including stronger project development assistance for the implementation of energy efficiency investment measures;</p> <p>b. increasing the energy savings obligation set out in Article 8;</p> <p>c. adjusting the obligation for public sector;</p> <p>d. making a voluntary financial contribution to the National Energy Efficiency Fund referred to in Article 25 or another financing instrument dedicated to energy efficiency, where the annual financial contributions shall be equal to the investments required to reach the indicative trajectory.</p>	<p>3. The Commission shall assess, pursuant to Article 29(1) and (3) of Regulation (EU) 2018/1999, the progress of Member States towards the achievement of their binding national contributions and milestones referred to in paragraph 2 of this Article. Where the Commission concludes, on the basis of its assessment, that insufficient progress has been made towards meeting the energy efficiency contributions, Member States that are above their trajectories referred to in paragraph 2 of this Article shall ensure that additional measures are implemented within one year following the date of reception of the Commission's assessment in order to ensure getting back on track to reach their energy efficiency contributions. Those additional measures shall include, but shall not be limited to, the following measures:</p>	<p>3. Where the Commission concludes, on the basis of its assessment pursuant to Article 29(1) and (3) of Regulation (EU) 2018/1999, that insufficient progress has been made towards meeting the energy efficiency contributions, Member States that are above their indicative trajectories referred to in paragraph 2 of this Article shall ensure that additional measures are implemented within one year following the date of reception of the Commission's assessment in order to ensure getting back on track to reach their energy efficiency contributions. Those additional measures shall include, but shall not be limited to, the following measures:</p> <p>a. national measures delivering additional energy savings, including stronger project development assistance for the implementation of energy efficiency investment measures;</p> <p>b. increasing the energy savings obligation set out in Article 8;</p> <p>delete</p> <p>c. making a voluntary financial contribution to the National Energy Efficiency Fund referred to in Article 25 or another financing instrument dedicated to energy efficiency, where the annual financial contributions shall be equal to the investments required to reach the indicative trajectory.</p>

Justification:

The public sector will take a leading role in energy efficiency through higher targets for reduction of final energy consumption (Art. 5), higher annual renovation rates of public buildings (Art. 6) and the extension of public procurement provisions to all administration levels (Art. 7).

The proposal to adjust the obligation in the future only for the public sector (and not for the private sector), places a disproportionate burden on public sector entities, including regional and local authorities, public services and public companies.

AM 3 – Public sector leading on energy efficiency – Reasonable and conditional ambitions

Article 5.1		
Text proposed by the Commission	Text proposed by Rapporteur	CEDEC amendment
<p>1. Member States shall ensure that the total final energy consumption of all public bodies combined is reduced by at least 1,7% each year, when compared to the year X-2 (with X as the year when this Directive enters into force).</p> <p>Member States may take into account climatic variations within the Member State when calculating their public bodies' final energy consumption.</p>		<p>1. Member States shall ensure that the total final energy consumption of all public bodies combined is reduced by at least 1,5% each year, when compared to the year X-2 (with X as the year when this Directive enters into force).</p> <p>Member States may take into account climatic variations within the Member State when calculating their public bodies' final energy consumption.</p> <p><i>To ensure that local and regional companies with public shareholders are not negatively impacted in terms of providing their public services and/or when operating in a market environment, Member States shall provide an exemption for local and regional companies with public shareholders that provide a public service or operate in a competitive environment, or a proportionate compensation of additional costs for local and regional companies with public shareholders that operate in a regulated environment.</i></p>
<p>Justification:</p> <ul style="list-style-type: none"> - The EED should preferably keep the obligations for the public and private sector on a same level. In line with Art. 8 on savings for annual final energy consumption foreseeing -0,8% for 2021-2023 and -1,5% for 2024-2030, the reduction should normally be 1,3%. In order not to overly burden the public sector as foreseen with the 1,7% yearly reduction, a more reasonable yearly percentage would be 1,5%. - This section should not apply to providers of public services that do not control the volume of their activities nor to public companies operating in a competitive environment, as their competitors would not see the same obligations imposed. - Public companies operating in a regulated environment with regulated prices or tariffs should have their additional costs compensated in their regulated income. 		

AM 4 – Exemplary role of public bodies' buildings – Technical & economical feasibility, 'banking principle' & alternative approaches

Amendment 55 by the Rapporteur changing Article 6.1		
Text proposed by the Commission	Text proposed by Rapporteur	CEDEC amendment
<p>1. Without prejudice to Article 7 of Directive 2010/31/EU of the European Parliament and of the Council, each Member State shall ensure that, as from 1 January 2014, at least 3 % of the total floor area of heated and/or cooled buildings owned by public bodies is renovated each year to at least be transformed into nearly zero-energy buildings in accordance with Article 9 of Directive 2010/31/EU.</p> <p>[...]</p> <p>3. If a Member State renovates more than 3 % of the total floor area of central government buildings in a given year, it may count the excess towards the annual renovation rate of any of the three previous or following years.</p> <p>[...]</p> <p>6. Without prejudice to Article 7 of Directive 2010/31/EU, Member States may opt for an alternative approach to paragraphs 1 to 5 of this Article, whereby they take other cost-effective measures, including deep renovations and measures for behavioural change of occupants, to achieve, by 2020, an amount of energy savings in eligible buildings owned and occupied by their central government that is at least equivalent to that required in paragraph 1, reported on an annual basis.</p>	<p>1. Without prejudice to Article 7 of Directive 2010/31/EU of the European Parliament and of the Council, each Member State shall ensure that at least 3 % of the total floor area of heated and/or cooled buildings owned or occupied by public bodies and of tertiary buildings is renovated each year to at least be transformed into nearly zero-energy buildings in accordance with Article 9 of Directive 2010/31/EU.</p>	<p>1. Without prejudice to Article 7 of Directive 2010/31/EU of the European Parliament and of the Council, each Member State shall ensure that, as from 1 January 2014, at least 3 % of the total floor area of heated and/or cooled buildings owned by public bodies is renovated each year to at least be transformed into nearly zero-energy buildings in accordance with Article 9 of Directive 2010/31/EU, as far as technically and economically feasible.</p> <p>[...]</p> <p>3. If a Member State renovates more than 3 % of the total floor area of buildings owned by public bodies in a given year, it may count the excess towards the annual renovation rate of any of the three previous or following years.</p> <p>[...]</p> <p>6. Member States may also opt for an alternative approach to paragraphs 1 to 5 of this Article, whereby they take other cost-effective measures, including deep renovations and measures for behavioural change of occupants, to achieve, by 2030, an amount of energy savings in eligible buildings owned by public bodies that is at least equivalent to that required in paragraph 1.</p>

Justification:

- For par. 1: not all public buildings are suitable for fulfilling an exemplary role for reaching NZEBs due to their technical characteristics (e.g. historical buildings) and therefore, the obligation should apply only when it is technically feasible. In order to make this economically feasible, it should be ensured that the necessary financing mechanisms are available, including through dedicated EU funding. The rapporteur's proposal on including 'occupied' contradicts with paragraph 2. The rapporteur's proposal on 'tertiary buildings' leads to a far too extensive definition that also is not including private sector buildings.
- For par. 3: taking into account that renovation projects will not correspond exactly with 3 % on a yearly basis, the 'banking principle' foreseen in the old par. 3 should be restored, meaning that one may count the excess renovation rate from the previous or following 3 years.
- For par. 6: the alternative measures foreseen in the old par. 6, including deep renovation and measures for behavioural change, should continue to be allowed.

AM 5 Public procurement – Technical and economical feasibility & criteria on life-cycle assessment and use of local resources

Article 7.1		
Text proposed by the Commission	Text proposed by Rapporteur	CEDEC amendment
<p>1. Member States shall ensure that contracting authorities and contracting entities, when concluding public contracts and concessions with a value equal to or greater than the thresholds laid down in Article 8 of Directive 2014/23/EU, Article 4 of Directive 2014/24/EU and Article 15 of Directive 2014/25/EU, purchase only products, services, buildings and works with high energy-efficiency performance, insofar as that is consistent with cost-effectiveness, economical feasibility, wider sustainability, technical suitability, as well as sufficient competition, as in accordance with the requirements referred to in Annex IV to this Directive.</p>		<p>1. Member States shall ensure that contracting authorities and contracting entities, when concluding public contracts and concessions with a value equal to or greater than the thresholds laid down in Article 8 of Directive 2014/23/EU, Article 4 of Directive 2014/24/EU and Article 15 of Directive 2014/25/EU, purchase only products, services, buildings and works with high energy-efficiency performance, insofar as that is economically reasonable and technically feasible, in accordance with the requirements referred to in Annex IV to this Directive. Member States may include criteria on life-cycle assessments and the optimal use of local resources.</p>
<p>Justification:</p> <ul style="list-style-type: none"> - Procurement should continue to take into account specific technical requirements related to the operational context of the contracting authorities and entities. Products, services, buildings and works with high energy-efficiency performance must be reasonably priced within a competitive market, in order to make the outcome economically reasonable. Therefore, conditionalities with regard to cost-effectiveness and technical and economic feasibility should be restored. - Procurement frameworks should ideally also include criteria on life cycle assessments and the optimal use of local resources. 		

AM 6 – Energy savings obligations – Annual end-use energy savings

Amendment 66 by the Rapporteur changing Article 8.1 point c		
Text proposed by the Commission	Text proposed by Rapporteur	CEDEC amendment
(c) new savings each year from 1 January 2024 to 31 December 2030 of 1,5 % of annual final energy consumption, averaged over the three-year period prior to 1 January 2020.	(c) new savings each year from 1 January 2024 to 31 December 2030 of 2 % of annual final energy consumption, averaged over the three-year period prior to 1 January 2020.	(c) new savings each year from 1 January 2024 to 31 December 2030 of 1,5 % of annual final energy consumption, averaged over the three-year period prior to 1 January 2020.
<p>Justification: The annual energy savings percentage of 1,5% is already a very ambitious target, also given that the eligible options have been reduced.</p>		

AM 7 – Heating & cooling supply – Adapted timing, combining renewable energy, waste heat & high-efficiency cogenerated heat

Article 24		
Text proposed by the Commission	Text proposed by Rapporteur	CEDEC amendment
<p>1. In order to increase primary energy efficiency and the share of renewable energy in heating and cooling supply, an efficient district heating and cooling system is a system which meets the following criteria:</p> <p>a) until 31 December 2025, a system using at least 50% renewable energy, 50% waste heat, 75% cogenerated heat or 50% of a combination of such energy and heat;</p> <p>b) from 1 January 2026, a system using at least 50% renewable energy, 50% waste heat, 80% of high-efficiency cogenerated heat or at least a combination of such thermal energy going into the network where the share of renewable energy is at least 5% and the total share of renewable energy, waste heat or high-efficiency cogenerated heat is at least 50%;</p> <p>c) from 1 January 2035, a system using at least 50% renewable energy and waste heat, where the share of renewable energy is at least 20%;</p> <p>d) from 1 January 2045, a system using at least 75% renewable energy and waste heat, where the share of renewable energy is at least 40%;</p>	<p><i>(ba) from 2030 onwards the only cogeneration used to produce heat should be high-efficiency cogeneration, in line with Annex III;</i></p>	<p>1. In order to increase primary energy efficiency and the share of renewable energy in heating and cooling supply, an efficient district heating and cooling system is a system which meets the following criteria:</p> <p>a) until 31 December 2030, a system using at least 50% renewable energy and/or waste heat, 75% cogenerated heat or 50% of a combination of such energy and heat;</p> <p>b) from 1 January 2035, a system using at least 50% renewable energy and/or waste heat, 80% of high-efficiency cogenerated heat or 50% of a combination of such energy and heat where the share of renewable energy is at least 5%;</p> <p><i>(ba) from 2040 onwards the only cogeneration used to produce heat should be high-efficiency cogeneration, in line with Annex III;</i></p> <p>c) from 1 January 2040, a system using at least 50% renewable energy and/or waste heat;</p> <p>d) from 1 January 2045, a system using at least 75% renewable energy and/or waste heat;</p> <p>e) from 1 January 2050, a system using only renewable energy and/or waste heat.</p>

<p>e) from 1 January 2050, a system using only renewable energy and waste heat, where the share of renewable energy is at least 60%.</p> <p>3. Member States shall ensure that as from 1 January 2025, and every five years thereafter, operators of all existing district heating and cooling systems with a total energy output exceeding 5 MW and which do not meet the criteria set out in paragraph 1(b) to (e), prepare a plan to increase primary energy efficiency and renewable energy. The plan shall include measures to meet the criteria set out in paragraph 1(b) to (e) and shall be approved by the competent authority.</p>	<p><i>(ea) in line with the energy efficiency first principle, where the share of waste heat exceeds the criteria in points (c), (d) and (e), and where the waste heat would otherwise be lost, waste heat may replace any of the other energy sources;</i></p>	<p>3. Member States shall ensure that as from 1 January 2030, and every five years thereafter, operators of all existing district heating and cooling systems with a total energy output exceeding 5 MW and which do not meet the criteria set out in paragraph 1(b) to (e), prepare a plan to increase primary energy efficiency and renewable energy. The plan shall include measures to meet the criteria set out in paragraph 1(b) to (e) and shall be approved by the competent authority.</p>
<p>Justification:</p> <ul style="list-style-type: none"> - The proposed criteria for efficient district heating and cooling are considered not to be attainable neither in the required timing nor on the required energy sources. They would compromise the potential expansion of district heating networks required for the attainment of the goals for the buildings sector. - For par. 1, the first target dates should be adapted to 2030, 2035 and 2040 (instead of 2025, 2026 and 2035), in order to take into account the long economic lifetime of current investments, and the expected availability of renewable sources and technological options. For the first target in time (2030), this leads to a more consistent timeframe with the climate target. Decarbonisation roadmaps could be developed in support of the required goals. - For par. 1, no distinction should be made between renewable energy and waste heat, as both are recognised as sustainable options and their respective uptake depends on the available local resources. - For par. 1 c) to e), high-efficiency cogenerated heat should continue to be recognised as sustainable option also as from 2040. - For par. 1 (ea) proposed by the Rapporteur, the idea is integrated in CEDEC’s proposal through ‘renewable energy <u>and/or</u> waste heat’. - For par. 3, the target date should be 2030, in line with the proposed change in par. 1. 		

AM 8 – Heating & cooling supply – Ensure the transition

Amendment 111 by the Rapporteur changing Article 24.2		
Text proposed by the Commission	Text proposed by Rapporteur	CEDEC amendment
<p>2. Member States shall ensure that where a district heating and cooling system is built or substantially refurbished it meets the criteria set out in paragraph 1 applicable at such time when it starts or continues its operation after the refurbishment. In addition, Member States shall ensure that when a district heating and cooling system is built or substantially refurbished, there is no increase in the use of fossil fuels other than natural gas in existing heat sources compared to the annual consumption averaged over the previous three calendar years of full operation before refurbishment, and that any new heat sources in that system do not use fossil fuels other than natural gas.</p>	<p>2. Member States shall ensure that where a district heating and cooling system is built or substantially refurbished it meets the criteria set out in paragraph 1 applicable at such time when it starts or continues its operation after the refurbishment. In addition, Member States shall ensure that when a district heating and cooling system is built or substantially refurbished, there is no increase in the use of fossil fuels in existing heat sources compared to the annual consumption averaged over the previous three calendar years of full operation before refurbishment, and that any new heat sources in that system do not use fossil fuels.</p>	<p>2. Member States shall ensure that where a district heating and cooling system is built or substantially refurbished it meets the criteria set out in paragraph 1 applicable at such time when it starts or continues its operation after the refurbishment. In addition, Member States shall ensure that when a district heating and cooling system is built or substantially refurbished, there is no increase in the use of fossil fuels other than natural gas in existing heat sources compared to the annual consumption averaged over the previous three calendar years of full operation before refurbishment, and that any new heat sources in that system do not use fossil fuels other than natural gas.</p>
<p>Justification:</p> <ul style="list-style-type: none"> - Cogeneration directly contributes to reduced energy consumption in industry and heating, whatever the energy source. Especially when transitioning from solid fossil fuels or oil, using natural gas in cogeneration plants brings consistent GHG emission reductions. 		

AM 9 – Transformation, transmission & distribution – Future-proof assets

Amendment 115 by the Rapporteur changing Article 25.2		
Text proposed by the Commission	Text proposed by Rapporteur	CEDEC amendment
<p>2. Member States shall ensure that gas and electricity transmission and distribution network operators apply the energy efficiency first principle in accordance with Article 3 of this Directive in their network planning, network development and investment decisions. While taking security of supply and market integration into account, Member States shall ensure that transmission system operators and distribution system operators do not invest in stranded assets to contribute to climate change mitigation. National regulatory authorities should provide methodologies and guidance on how to assess alternatives in the cost-benefit analysis, taking into account wider benefits, and verify the implementation of the energy efficiency first principle by the transmission system operators or distribution system operators when approving, verifying or monitoring the projects submitted by the transmission system operators or distribution system operators.</p>	<p>2. Member States shall ensure that gas and electricity transmission and distribution network operators apply the energy efficiency first principle in accordance with Article 3 of this Directive in their network planning, network development and investment decisions. While taking security of supply and market integration into account, Member States shall ensure that transmission system operators and distribution system operators invest in future-proof assets to contribute to climate change mitigation. National regulatory authorities should provide methodologies and guidance on how to assess alternatives in the cost-benefit analysis, taking into account wider benefits, and verify the implementation of the energy efficiency first principle by the transmission system operators or distribution system operators when approving, verifying or monitoring the projects submitted by the transmission system operators or distribution system operators.</p>	<p>2. Member States shall ensure that gas and electricity transmission and distribution network operators apply the energy efficiency first principle in accordance with Article 3 of this Directive in their network planning, network development and investment decisions. While taking security of supply and market integration into account, Member States shall ensure that transmission system operators and distribution system operators invest in future-proof assets to contribute to climate change mitigation. National regulatory authorities should provide methodologies and guidance on how to assess alternatives in the cost-benefit analysis, taking into account wider benefits, and verify the implementation of the energy efficiency first principle by the transmission system operators or distribution system operators when approving, verifying or monitoring the projects submitted by the transmission system operators or distribution system operators.</p>
<p>Justification:</p> <p>CEDEC supports the positive amendment of the Rapporteur. Already today, DSOs have to submit to national energy regulators their investment plans for approval. This evaluation of investment decisions takes into account the expected future developments of the energy systems and is based on the current know how. No stranded investments are intentionally made, although the long lifetime of energy infrastructures requires forward looking planning. The general statement in the proposed text on “not invest in stranded assets” should therefore be revised and positively be reformulated into “invest in future-proof assets”.</p>		

AM 10 – Transformation, transmission & distribution – Network losses

Amendment 116 by the Rapporteur changing Article 25.3		
Text proposed by the Commission	Text proposed by Rapporteur	CEDEC amendment
<p>3. Member States shall ensure that transmission and distribution network operators map network losses and take cost-effective measures to reduce network losses. Transmission and distribution network operators shall report those measures and expected energy savings through the reduction of network losses to the national energy regulatory authority. National energy regulatory authorities shall limit the possibility for transmission and distribution network operators to recover avoidable network losses from tariffs paid by consumers. Member States shall ensure that transmission and distribution system operators assess energy efficiency improvement measures with regard to their existing gas or electricity transmission or distribution systems and improve energy efficiency in infrastructure design and operation. Member States shall encourage transmission and distribution network operators to develop innovative solutions to improve the energy efficiency of existing systems through incentive based regulations.</p>	<p>3. Member States shall ensure that transmission and distribution system operators monitor and quantify the overall volume of network losses relating to the network they operate and take cost-effective measures to optimise those network losses taking into account the overall effective operation of the network and the evolution towards a renewable based energy system. Transmission and distribution system operators shall report those measures to the national energy regulatory authority. Member States shall ensure that transmission and distribution network operators assess energy efficiency improvement measures with regard to their existing gas or electricity transmission or distribution systems and improve energy efficiency in infrastructure design and operation, especially in terms of smart grid deployment. Member States shall encourage transmission and distribution system operators to develop innovative solutions to improve the efficiency and sustainability, including energy efficiency of existing and future systems through incentive based regulations.</p>	<p>3. Member States shall ensure that transmission and distribution system operators monitor and quantify the overall volume of network losses relating to the network they operate and take cost-effective measures to optimise those network losses taking into account the overall effective operation of the network and the evolution towards a renewable based energy system. Transmission and distribution system operators shall report those measures to the national energy regulatory authority. Member States shall ensure that transmission and distribution system operators assess energy efficiency improvement measures with regard to their existing gas or electricity transmission or distribution systems and improve energy efficiency in infrastructure design and operation, especially in terms of smart grid deployment. Member States shall encourage transmission and distribution system operators to develop innovative solutions to improve the efficiency and sustainability, including energy efficiency of existing and future systems through incentive based regulations.</p>

Justification:

CEDEC supports every element in the amendments of the Rapporteur. Only suggestion would be the systematic use of ‘distribution system operator’.

Already today, in the framework of the national regulators’ oversight on planned grid investments and grid tariffs, DSOs have an economic interest in making all cost-effective measures to reduce network losses wherever possible.

Also, network losses are directly linked to the topology of the grid and its connected customers, and to the volume of transported energy. Moreover, increases of grid losses are inherently associated with future grid requirements in a decentralising energy system with higher electrification in heating and transport. Therefore “avoidable network losses” are technically and legally a hard-to-define concept which should be deleted, and should not be linked with a mandatory reduction of grid tariffs.

AM 11 – Transformation, transmission & distribution – Grid tariffs and overall system efficiency

Article 25.7		
Text proposed by the Commission	Text proposed by Rapporteur	CEDEC amendment
<p>7. National regulatory authorities shall ensure the removal of those incentives in transmission and distribution tariffs that are detrimental to the overall efficiency (including energy efficiency) of the generation, transmission, distribution and supply of electricity and gas.</p>		<p>7. National regulatory authorities shall ensure the removal of those incentives in transmission and distribution tariffs that are detrimental to the overall efficiency of the generation, transmission, distribution and supply of electricity and gas.</p>
<p>Justification:</p> <p>It should be ensured that a right balance is found between energy efficiency goals of generation and in particular supply (including demand side measures), and the overall efficiency of the energy system through proper financing of the long-term investments in the distribution grid. National regulatory authorities’ measures to “remove incentives” shall not prevent that fixed costs of the distribution grid, mainly determined by the required connection capacity of individual consumers, can continue to be covered by proper grid tariff structures including capacity elements.</p>		

AM 12 – Criteria for high-efficiency cogeneration – Best available technologies, 5-year review, annual average

Annex III a)		
Text proposed by the Commission	Text proposed by Rapporteur	CEDEC amendment
<p>a) High-efficiency cogeneration</p> <p>For the purpose of this Directive high-efficiency cogeneration shall fulfil the following criteria:</p> <p>[...]</p> <p>- direct emissions of the carbon dioxide from cogeneration production that is fuelled with fossil fuels, are less than 270 gCO₂ per 1 kWh of energy output from the combined generation (including heating/cooling, power and mechanical energy).</p>		<p>a) High-efficiency cogeneration</p> <p>For the purpose of this Directive high-efficiency cogeneration shall fulfil the following criteria:</p> <p>[...]</p> <p>- emissions of the carbon dioxide from cogeneration production that is fuelled with fossil fuels, are less than a gCO₂ limit per 1 kWh of energy output from the combined generation (including heating/cooling, power and mechanical energy) that is determined on the basis of best available technologies, which should be reviewed every 5 years in line with the most advanced economically feasible technological developments. Especially for district heating and cooling, this CO₂ limit shall be calculated on a yearly average.</p>
<p>Justification:</p> <p>Cogeneration directly contributes to reduced fossil gas consumption in industry and heating. Making cogeneration facilities renewables ready, makes them also future-proof.</p> <p>As the emissions limit of 270g CO₂ risks to disqualify all existing even high-efficiency cogeneration facilities – including for district heating and cooling – the limit value for any cogeneration unit to qualify as “high-efficiency” should be determined on the basis of best available technologies, to be reviewed every 5 years. Especially for district heating and cooling, this CO₂ limit shall be calculated on a yearly average in order to take into account the seasonal fluctuations in heating and cooling demand.</p>		

AM 13 – Criteria for high-efficiency cogeneration – Ensure the transition

Amendment 134 by the Rapporteur changing Annex III a) paragraph 1 indent 4		
Text proposed by the Commission	Text proposed by Rapporteur	CEDEC amendment
<p>— When a cogeneration unit is built or substantially refurbished, Member States shall ensure that there is no increase in the use of fossil fuels other than natural gas in existing heat sources compared to the annual consumption averaged over the previous three calendar years of full operation before refurbishment, and that any new heat sources in that system do not use fossil fuels other than natural gas.</p>	<p>— When a cogeneration unit is built or substantially refurbished, Member States shall ensure that there is no increase in the use of fossil fuels in existing heat sources compared to the annual consumption averaged over the previous three calendar years of full operation before refurbishment, and that any new heat sources in that system do not use fossil fuels. Member States shall also ensure strict sustainability criteria for renewable energy in existing heat sources in accordance with Article 29(2) to (7) of Directive 2018/2001/EU.</p>	<p>— When a cogeneration unit is built or substantially refurbished, Member States shall ensure that there is no increase in the use of fossil fuels other than natural gas in existing heat sources compared to the annual consumption averaged over the previous three calendar years of full operation before refurbishment, and that any new heat sources in that system do not use fossil fuels other than natural gas. Member States shall also ensure strict sustainability criteria for renewable energy in existing heat sources in accordance with Article 29(2) to (7) of Directive 2018/2001/EU.</p>
<p>Justification:</p> <p>Cogeneration directly contributes to reduced energy consumption in industry and heating, whatever the energy source. Especially when transitioning from solid fossil fuels or oil, using natural gas in cogeneration plants brings consistent GHG emission reductions.</p> <p>It is important to ensure strict application of the current sustainability criteria for renewable energy as proposed.</p>		

AM 14 – Energy savings obligation – Principles for determining energy savings

Annex V.2		
Text proposed by the Commission	Text proposed by Rapporteur	CEDEC amendment
<p>2. In determining the energy savings for an energy efficiency measure for the purposes of Articles 8, 9 and 10 and Article 28(11), the following principles apply: [...]</p> <p>(g) policies with the purpose of encouraging higher levels of energy efficiency of products, equipment, transport systems, vehicles and fuels, buildings and building elements, processes or markets shall be permitted, except those policy measures regarding the use of direct combustion of fossil fuel technologies, that are implemented as from 1 January 2024;</p> <p>(h) Energy savings as a result of policy measures regarding the use of direct fossil fuel combustion in products, equipment, transport systems, vehicles, buildings or works shall not count towards the fulfilment of energy savings obligation as from 1 January 2024;</p> <p>(k) for policies that accelerate the uptake of more efficient products and vehicles, except those regarding the use of direct fossil fuel combustion, full credit may be claimed, provided that it is shown that such uptake takes place before expiry of the average expected lifetime of the product or vehicle, or before the product or vehicle would usually be replaced, and the savings are</p>		<p>2. In determining the energy savings for an energy efficiency measure for the purposes of Articles 8, 9 and 10 and Article 28(11), the following principles apply: [...]</p> <p>(g) policies with the purpose of encouraging higher levels of energy efficiency of products, equipment, transport systems, vehicles and fuels, buildings and building elements, processes or markets shall be permitted, except those policy measures regarding the use of direct combustion of fossil fuel technologies, that are implemented as from 1 January 2024, <i>unless more sustainable solutions are not technically or economically feasible;</i></p> <p>(h) Energy savings as a result of policy measures regarding the use of direct fossil fuel combustion in products, equipment, transport systems, vehicles, buildings or works shall not count towards the fulfilment of energy savings obligation as from 1 January 2024, <i>unless more sustainable solutions are not technically or economically feasible;</i></p> <p>(k) for policies that accelerate the uptake of more efficient products and vehicles, except those regarding the use of direct fossil fuel combustion <i>unless more sustainable solutions are not technically or economically feasible,</i> full credit may be claimed, provided that it is shown that such uptake takes place before expiry of the average expected lifetime of the product or vehicle, or before the product or</p>

<p>claimed only for the period until end of the average expected lifetime of the product or vehicle to be replaced;</p>		<p>vehicle would usually be replaced, and the savings are claimed only for the period until end of the average expected lifetime of the product or vehicle to be replaced;</p>
<p>Justification:</p> <p>CEDEC considers that the planned restrictions on the eligibility of measures based on the use of direct combustion of fossil fuel technologies from 2024 onwards limit the potential of short- and medium-term decarbonisation. Investments in the energy efficiency of natural gas heating appliances and electricity generation plants (reaching higher energy efficiency combustion and/or replacing coal, oil or diesel) can make an evident contribution to the decarbonisation targets. Every net CO₂ saving counts towards preventing climate change and every policy measure contributing to the goal of decarbonisation should therefore be eligible, at least for a transition period.</p> <p>When more sustainable solutions are not technically or economically feasible, all policy measures and the resulting energy savings shall be taken into account, including those regarding the use of technologies related with direct fossil fuel combustion, as far as they contribute to the decarbonisation targets.</p>		