



## Clean energy for all



## THE NEW ENERGY EFFICIENCY MEASURES

### The new energy efficiency measures at a glance

The European Commission adopts today proposals for a revision of the **Energy Efficiency Directive** (EED) and of the **European Performance of Buildings Directive** (EPBD) to bring them up to date with the 2030 energy and climate goals, to check their effectiveness, to simplify and improve the text, and to facilitate implementation at national level. On the basis of a comprehensive costs and benefits assessment, it also proposes to **review the target to be reached by 2030 to a binding 30% EU level**, emphasising the European Union's commitment to its international climate and energy goals for 2030 and beyond.

In addition, the Commission adopted today a number of measures that will improve the energy efficiency of products, in particular a new **Ecodesign Working Plan** for the 2016-2019 period ensuring that this successful policy will continue to contribute to the EU's energy efficiency targets.

Successful energy efficiency policy cannot be achieved without unlocking and mobilizing private investment. This is why the Commission complements these measures with an investment initiative called **Smart Finance for Smart Buildings**. Building upon the Investment Plan for Europe including the European Fund for Strategic Investments, and the European Structural and Investment Funds, this initiative will

encourage a more effective use of public funds, help project developers bring good project ideas to maturity, and make the energy efficiency market more trusted and attractive for all stakeholders.

### All changes in detail

#### 1. The Energy Efficiency Directive

Apart from the updates needed to reflect the new 30% target for 2030, one of the main changes introduced is the **extension of the energy savings requirement to 2030** (specified in Article 7).

Article 7 is estimated to achieve half of the energy savings required under the whole Directive, and the aim is to reach this amount in a way that drives long term energy efficiency savings, thus also reducing costs for consumers and increasing security of supply. With the new Directive, **alternative measures to save energy** are put on an equal footing with Energy Efficiency Obligation Schemes, and a streamlined and clearer structure of Article 7 is set out.

Furthermore, it simplifies and clarifies the requirements on **how energy savings must be calculated**. For example, energy savings stemming from measures targeting the renovation of buildings can now be claimed in full, provided that the parties involved demonstrate their contribution towards energy savings amongst final consumers.

Member States may include **social requirements targeting households affected by energy poverty** in their energy efficiency obligation schemes: the amended Article 7 strengthens this provision, and requires Member States to take energy poverty into account also when designing alternative measures.

Member States will continue to **monitor and report energy savings** once a year, but the reporting requirements to the Commission will be laid down in the Energy Union governance instrument for the period 2021-2030. Notifications on plans and methodologies under Article 7 regarding the new period 2021-2030 will thus be submitted under the Integrated National Climate and Energy Plans.

Another difference to the previous Energy Efficiency Directive can be found in the fact that provisions on the **metering and billing of electricity** will from now on be consolidated under the Internal Market legislation, and will not be regulated under the new Directive. The previous provisions on **heating, cooling and hot water** supplied from collective systems are clarified and **consumers' rights to clear and frequent information** will be strengthened.

### The 30% binding target

A **binding 30% EU energy efficiency target for 2030** emphasises EU commitment towards its international climate and energy goals for 2030 and beyond. This also underpins the EU's commitment under the European Energy Union to put energy efficiency first.

A binding policy framework will provide **further certainty to investors** that it is worth investing in energy efficiency. It will contribute to long-term predictability, and will have a positive impact on technology costs and payback periods of efficiency improvements of products, vehicles, buildings and services.

Meeting the 30% energy efficiency target in 2030 will be ensured by a strong political commitment on all levels, by:

1. **extending** successful policy areas (e.g. Article 7 of the Energy Efficiency Directive);
2. **improving existing** policies (e.g. Energy Performance of Buildings Directive);
3. improving the **financing** conditions of energy efficiency (e.g. through the 'Smart financing of Smart Buildings' initiative);
4. improving the **coordination and cooperation** between all involved levels, sectors and stakeholders (via the new Governance initiative);
5. enlarging the scope and **strengthening of minimum requirements** of products, vehicles and buildings (e.g. of Eco-design, Energy Performance of Buildings Directive and vehicle standards); and
6. **informing and involving consumers** better (e.g. through energy labelling and the Market Design Initiative).

**Article 7 on Energy Savings Obligations** requires each Member State to deliver a fixed amount of end-use energy savings over the next 2021–2030 obligation period, which should be equivalent to 1.5% new savings of the annual energy sales to final consumers. The savings requirement can be achieved either through an Energy Efficiency Obligation Scheme (EEOS) or alternative measures, or a combination of both. Each Member State should calculate the energy savings requirement by multiplying 1.5% with the energy sales average over the previous three years prior the start of the new period.

The savings should have a cumulative effect with 1.5% saved in 2021, **reaching 15% in year 2030** (1.5% times 10 years). In other words, the overall amount to be reached over the whole period will therefore be a sum of the following cumulative percentages: 2021 – 1.5%; 2022 – 3%; 2023 – 4.5%; 2024 – 6%; 2025 – 7.5%; 2026 – 9%; 2027 – 10.5%; 2028 – 12%; 2029 – 13.5% and 2030 – 15%. For example, if the total amount of energy sales (averaged over 3 year period) is 100 Mtoe, then this implies that the total cumulative amount of energy savings required over the whole ten-year period would be 82.5 Mtoe.

From 2021–2030, four exemptions may be applied:

- excluding all or part of the sales of ETS industries;
- counting saving achieved in the energy supply and transmission sector if they fulfil certain requirement of Articles 14 and 15 of the EED;
- counting savings from actions implemented between 31 December 2008 which will continue have an impact after 2020 and exemption;
- excluding from the calculation the amount of energy generated on or in buildings by a new renewable energy installation for own use.

Exemptions may be combined as long as the selected options taken together do not exceed 25% of the required amount of the savings required. **In practice, Member States have a flexibility to ensure the achievement of their energy savings** over the whole period as long as the total amount is achieved by the end of the period (2030). For example, Member States could start with the advisory schemes in the beginning of the period, and could then undertake wide scale retrofit programmes that result in huge amount of energy savings towards the end of the period as long as the required amount is met. Article 7 measures target the sectors which are also covered by the Effort Sharing Regulation (buildings and transport) and therefore contribute to the achievement also to national GHG emission reduction targets.

## 2. The Energy Performance of Buildings Directive

The review puts forward targeted amendments to ensure that the Directive is: **smart**, by encouraging the use of ICT and smart technologies to ensure buildings operate efficiently over time; **simple**, by streamlining or deleting provisions that have not delivered the expected output; and **supportive**, by strengthening the links between achieving higher renovation rates, funding and energy performance certificates.

The major changes introduced in the new Directive will:

1. Incorporate the provisions on **long-term renovation strategies** (Article 4 of the EED) also in the EPBD, in view of obtaining a decarbonised building stock by 2050;
2. Provide clearer requirements for **feasibility studies before** buildings are commissioned (article 6);

### Accelerating clean energy in buildings

The Commission reinforces its action to support the competitiveness of the construction sector and the benefits of the Energy Efficiency legislation by launching a construction initiative to accelerate the modernisation of the construction sector which will boost growth and jobs. This initiative entails the speeding of the digitisation of the sector, upskilling of workers, functioning internal market and development of the circular economy.

3. Streamline provisions on inspections of heating systems and air-conditioning systems (Articles 14, 15, 16), while **enhancing the use of building automation** and control to ensure continuous buildings' performance;
4. **Promote e-mobility**, by boosting the installation of recharging points for electric vehicles where they are most needed, i.e. in private spaces;
5. Define smart buildings, by introducing a **smartness indicator** that assesses the technological ability of the building to interact with the occupants and with the grid;

6. **Link policy and financing** to results through the use of the energy performance certificates;
7. Making more and **better data on buildings available to market actors**, through collecting actual energy consumption data and more robust Energy Performance Contracting (EPC) databases.

## 3. Ecodesign and Energy Labelling

The EU's policy on the energy efficiency of products through **Ecodesign and Energy Labelling** delivers yearly energy savings equivalent to the annual energy consumption of Italy. As a result, European households save almost €500 per year on their energy bills. Moreover, this policy is estimated to deliver approximately €55 billion per year extra revenue for industry, wholesale and retail sectors, which supports jobs and growth in our economy.

Today, the Commission adopted a number of measures to strengthen the contribution of this successful policy to the EU's energy efficiency targets and to support the competitiveness of European industry, in particular through:

- a new **Ecodesign Working Plan** for the 2016-2019 period, including a list of new product groups (building automation and control systems; electric kettles; lifts; refrigerated containers; hand dryers; high pressure cleaners; photovoltaic systems) and how ecodesign will contribute to circular economy objectives;

- **guidelines for voluntary agreements** to facilitate industry pursuing self-regulation as an alternative to legislation;
- measures on **verification tolerances** (amending most existing ecodesign and energy labelling regulations) to strengthen compliance checking by Member States;
- minimum energy efficiency requirements for **air heating and cooling products**; and
- **standardisation requests** in support of ecodesign measures for solid fuel boilers and local space heaters.

#### **4. The Smart Finance for Smart Buildings Initiative**

Next to setting the right regulatory framework, there is a need to support rapid changes in the real economy and to address the question of how to finance sustainable energy investments.

As part of the Investment Plan for Europe, the **European Fund for Strategic Investments** is a cornerstone in mobilising private financing for energy efficiency and small scale renewables in buildings at a greater scale. Already today, the vast majority of energy projects approved for financing under this fund (which equal to 23% of the overall €116 billion in total investment) concern energy efficiency and the renewable energy sector. In parallel, investments in this area are underpinned by the **European Regional Development Fund and the Cohesion Fund**, which will invest EUR 17 billion in energy efficiency in public and residential buildings and in enterprises, with a focus on SMEs over the period 2014-2020. This is will be complemented by national public and private co-financing, reaching an estimated total of some EUR 27 billion.

Building upon these key financing strands, the Commission is adopting the “**Smart Finance for**

**Smart Buildings” initiative** which includes specific measures to further unlock private financing and enable market actors to realise their projects through attractive and appropriate financing solutions. This initiative can unlock an additional EUR 10 billion of public and private funds until 2020 for energy efficiency and renewables. It follows a threefold strategy:

**1. More effective use of public funding:** in a time of scarce public resources and fiscal consolidation, the proposed initiative will support the **faster deployment** of financial instruments, while enabling **more effective channelling** and **combination** of public funds, and the better targeting of subsidies towards vulnerable consumers or specific market failures. It will in particular support the development of flexible energy efficiency and renewable financing platforms at national level (with a possible regional dimension). These platforms will make available more attractive financing options to final beneficiaries through the sharing of risk and the optimised used of public funds, including European Structural and Investment Funds in combination with funding through the European Fund for Strategic Investments.

**2. Aggregation and assistance with project development:** to support the development of bankable projects, this initiative will further help project promoters develop ambitious and aggregated investment programmes by reinforcing existing Project Development Assistance facilities at EU level and by encouraging the development of dedicated one-stop-shops at the local level.

**3. De-risking:** to help financiers and investors consider energy efficiency investments as a specific market segment offering clear incentives and new business opportunities, this initiative will provide the financing community and project promoters with **access to market evidence and performance track record with the De-risking Energy Efficiency Platform (DEEP<sup>1</sup>)**,

1. <http://www.eefig.com/deep>

launched today. Furthermore, it will support the joint development of a consensual framework for the underwriting of investments together with the Energy Efficiency Financial Institutions Group.

## **The role of energy efficiency in the clean energy transition strategy**

The most efficient energy is the one which is not consumed – as it results in less energy use. Energy efficiency is one of the five dimensions of the Energy Union which is a non-regret option for the EU. **Achieving decarbonisation by 2050 is cheaper in the long run** with a 30% energy efficiency target in 2030 as the average annual system costs are € 9 billion lower than with a 27% energy efficiency target only.

Energy efficiency contributes to the reduction of greenhouse gases and goes hand in hand with renewable energies to enable the energy transition.