



EUROPEAN FEDERATION
OF INTELLIGENT ENERGY EFFICIENCY SERVICES

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Summary of the EFIEES' response to the public consultation on the Energy Efficiency Directive (2012/27/EU)

EFIEES represents private companies ensuring an overall management of energy demand to end-user (Energy Efficiency Service Companies, EESCs). These companies provide operational maintenance and management of equipment of their industrial, tertiary and residential customers (collective or individual), public and private, particularly sporting facilities, schools, and hospitals as well as District Heating Networks.

On 23 October 2014, 28 Member States adopted a new strategic framework of the European Union in its fight against climate change and defined the objectives for 2030:

- A 40% reduction in GHG emissions compared to 1990
- Increasing the proportion of renewables in the energy mix, with a minimum share of renewables at the level of 27%
- Improving energy efficiency with a goal of 27% of energy savings with a possibility to be increased to 30% by 2020.

These coherent objectives will enable to act effectively in the areas of energy security, the fight against fuel poverty, increase of air quality as well as in improving a trade balance and creation of durable jobs that cannot be relocated.

The level of comfort and equal service, **reduction of energy consumption resulting from the implementation of energy efficiency measures is essential to the success of policy objectives fixed for 2030**. Indeed, lower consumption of energy leads to decrease in GHG emissions and increase in the

share of renewable energy. This speeds up the energy transition, reduces costs and helps to reduce the import of fossil fuels needed in the European Union.

EFIEES considers that the Energy Efficiency Directive (EED) has been a major breakthrough in the recognition by Member States of the issues of energy efficiency. The revision of this directive appears as a necessary step that will allow to widely spread its effective implementation and to consolidate its gains. Binding national targets, expressed in primary energy would be an important signal for the whole economy. Otherwise, the revised Directive must reach in reality the 1.5% target of energy savings/year (pursuant to Article 7). This is far from being certain today, particularly due to the implementation of "alternative measures". Too accommodating definitions of alternative measures make some of them, in terms of energy savings, not measurable, or even ineffective.

Our responses to the questionnaire are based on the following principles which, in our opinion, will allow an effective mechanism of improvement:

1. EFIEES calls for **the real and effective implementation** of the provisions of the current EED. The review of the measures put in place by the MS must allow to assess their impact in order to disseminate good practices and limit "announcement" effects that do not contribute to the achievement of objectives (particularly alternative measures). One must ensure that actions are focused on reducing energy consumption by drastically limiting the possibilities of substitution by alternative measures which do not directly contribute to this objective. These alternative measures should be designed, executed and verified, in the framework of the reinforced control system and feedback on experience should be promoted. Based on an evaluation of the current system, EFIEES supports **a revision to improve and consolidate** the existing directive, according to the ideas and principles developed in this note.
2. European policies should aim at promoting **in priority energy savings** in all sectors. One should not, however, seek to achieve zero energy consumption in existing buildings or industrial processes as the marginal cost becomes too high for the "last" kWh and the operation is no longer cost-effective.
3. The European Union must adopt measures that reduce energy consumption and ensure that they are measured in **primary energy savings**, for comparison, and thus optimise the choice between different possible actions, in order to give the same weight to energy savings whatever their place in the energy chain.
4. Energy savings on the upstream, including the valorisation of the waste heat, allow to naturally increase the share with respect to renewables in the energy mix, which illustrates the **complementarity** of the two approaches (but not substitution: increasing the production by renewables cannot be recognised as an action to improve energy efficiency!), so as contributing to the two directives (EED / RES).
5. **The role of District Heating and Cooling and cogeneration as effective ways of efficient heat/heating production, emitting less CO2 emissions should be better recognised.** Discriminations against installations above 20 MW, which are subject to the EU ETS, despite greater energy efficiency and lower emissions than most other solutions produce, but are not subject to the EU ETS, should be removed.

6. There is a need for an approach focused on **"energy-efficiency territory"**, rather than on a building or use, so that the positive systemic effects are created. Urban planning should take into account in an integrated and coherent way heating, cooling and electricity needs (housing, mobility, water and waste treatment, etc.). One cannot simply juxtapose buildings (almost) "zero energy" when the analysis and planning is needed on how the consumption and production interact. The analysis at the level of a neighborhood must incorporate contributions of renewable energy, local recoveries and District Heating and Cooling Networks. The latter being "no-regret" options, they enable to heat low-energy buildings by optimising performance and emissions at the production stage, and recover the surplus heat from local industries, data centers, incinerators, for the benefit of users such as homes, offices, services. They are the main vector of local renewable energy (geothermal, biomass, solar thermal). Finally, their interaction with the electrical connection network allows for synergies, e.g. by storing as heat surplus electricity from renewable sources during periods of low consumption.
7. Next, the mechanism must give **visibility** to economic actors by extending the obligation of energy saving measures until 2030 adopted by the European Council to fix the new EU targets. **In particular, retain the binding target of Article 7 at the level of 1.5%**, which in fact corresponds to an increase in annual output of this measure, the "easiest and most profitable" operations being made first.
8. **Barriers and discriminations in the rapid dissemination of energy efficiency measures should be removed.** In particular, we must bring the necessary attention to the need to secure a favourable regulatory framework for Public-Private Partnerships (PPPs). These allow contractualise actions to improve energy efficiency in public buildings through Energy Performance Contracts with guaranteed results. Among the obstacles to remove, we notably include the interpretation by the national authorities of Eurostat rules on public debt and deficit leading to integrating private investment on public buildings to public debt, as well as rules on VAT in several Member States being unfavourable to actions by Energy Efficiency Service Companies.
9. Access to **European funding schemes allowing facilitating financing of projects** (grants, loans, soft loans, guarantees) should be improved. A **clear price signal on carbon** would also be an important triggering factor for energy efficiency investments. Finally, the current fossil fuel prices should lead to a relaxation of the guidelines on state aid, as they reflect the economic landscape characterised by high oil prices ...