

# EFIEES' Views on the Revision of the Energy Efficiency Directive

## Position Paper

February 2020

**EFIEES**, the European Federation of Intelligent Energy Efficiency Services, welcomes the upcoming revision of the Energy Efficiency Directive (EED) and is ready to engage and to further contribute, through its sectoral expertise, to make the reviewed Directive fit for the new 2030 climate ambition and for climate neutrality.

**Energy services and their energy management solutions, such as Energy Performance Contracting (EnPC), have a key role to play in this respect and a huge potential, still considerably untapped, to ensure that energy performance is not only improved, but also monitored and maintained over time.** Moreover, their skills and expertise can be deployed **across different sectors**, from buildings (and districts) to industrial sites, in which they can help develop **sustainable and qualified local jobs**. Finally, ESCOs can offer **financial arrangements that can help finance energy efficiency measures in a cost-effective way** (such as EnPCs, in which the energy upgrades are - at least partially - repaid through the generated savings), and that are **linked to the actual level of energy savings and of energy performance achieved**.

In light of this, we take the chance to reiterate our main **messages and suggestions for an effective EED review**, which fully takes into account the key role of energy efficiency services:

- **Reflect 'Energy Efficiency First' along the whole energy chain throughout the EED**

The revised EED should primarily integrate in its provisions the **Energy Efficiency First** principle, as defined in the Governance Regulation; requiring the **prioritisation of energy efficiency actions along the entire energy chain**. The EED must reflect this principle in its entirety, as **both supply and demand-side measures are equally essential to improve energy efficiency at systemic level** and should be parallelly promoted.

- **Make Energy Efficiency targets binding**

**Unlike the renewables' target in the RED, the EU energy efficiency target is not binding.** Moreover, the RED foresees a clear formula for calculating national contributions by Member States and a gap-filler mechanism, in case of insufficient progress. There is no similar approach to energy efficiency. **This can further weaken the already slow progress in the reduction of energy consumption, and it can result in unbalanced efforts**, and public support by Member States, towards the renewables and energy efficiency targets, which should rather be mutually reinforcing. **Making energy efficiency targets binding, both at the EU and national level, would help**



**EFIEES** secure a better enforcement of energy efficiency legislation by Member States and allow to direct increasing efforts towards energy efficiency, as an essential element, and a prerequisite of any decarbonisation strategy.

- **Enhance the role of effective Energy Management to optimise energy consumption**

Energy management solutions, such as those offered by energy services, are an essential tool to optimise energy consumption, and thus reduce CO2 emissions, in the long-term. Moreover, these can be deployed both in buildings and in industrial facilities.

The current EED already promotes energy services, notably in Article 18. However, many provisions just call on Member States to encourage the development of the energy services' market, without requiring the enforcement of mandatory measures. This has resulted in a patchy and rather slow development of the ESCO market across Europe, in which their solutions are still not completely known nor sufficiently considered.

**We believe that an essential step to concretely promote energy services and drive the market for ESCOs is to focus more on the role of operational energy management and on solutions that allow to improve and keep actual energy performance over time, such as – but not limited to – Energy Performance Contracts (EnPCs).**

Nevertheless, the role of energy management should not only be fostered in Article 18, but across the entire Directive; especially in provisions such as **Article 5** (on public buildings), **where the 3% annual renovation obligation should be extended and complemented by an energy management requirement**, and **Article 8** (on energy audits), which should lead to implement real actions following audits, and to prioritise options **that encompass concrete energy efficiency measures, such as energy management solutions**. New provisions on **tertiary buildings, industry and the ICT sector** should also be included in the revised EED and fully consider energy management as one of the energy efficiency solutions to be prioritised in this respect.

- **Foster energy efficiency in Heating & Cooling**

We believe that the **decarbonisation of Heating & Cooling**, presented as a pivotal element also in the Renovation Wave, will need to play an essential role in the revised EED as well. This means that **solutions such as efficient district heating & cooling, highly efficient cogeneration, and waste heat recovery, which do also facilitate energy system integration, should be further promoted, and more systematically considered, in particular when defining local energy planning and building renovation strategies.**

In this sense, greater consistency should be ensured, and synergies should be better exploited, between Article 14 of the EED (and its Annex VIII) and H&C provisions in the RED (namely Article 23 and 24), as well as Long-Term Renovation Strategies in the EPBD. Moreover, **the contribution provided by these solutions should be better acknowledged and considered for the purposes of the energy savings' requirement under Article 7 EED.**

- **Make decarbonisation the indicator to balance and assess energy efficiency and renewable energies policies and measures**

Finally, **we believe that a successful energy and climate strategy relies on both pillars: energy efficiency improvements and renewable energy development**. Considering **decarbonisation progress** can be a relevant indicator to balance both policies. However, it should be **complemented by specific indicators addressing each of these policies**, and apply the **Energy Efficiency First principle**, along the whole value chain (i.e. with an energy efficiency target expressed in both final AND primary energy).