Overview of Energy Efficiency Obligation Schemes in the EU Countries

- assessment based on the studies prepared by AEA Ricardo/CE Delft /REKK for the European Commission -

Zsuzsanna Pató

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Why do we have the EED?
Main provisions of EED

- **Setting of an indicative national energy efficiency target** translated into absolute level of primary/final energy consumption in 2020
- **Achievement of a certain amount of final energy savings** between 2014 and 2020 by using *energy efficiency obligations schemes* or other targeted policy measures (‘alternative measures’)
- **Information provision for consumers**: easy and free-of-charge access to data on real-time and historical energy consumption through more accurate individual metering
- **Energy audits**:
  - *Obligation for large enterprises* to carry out an energy audit at least every four years (the first executed by 5 December 2015)
  - *Incentives for SMEs* to undergo energy audits to identify energy saving options
Main provisions of EED

- **Public sector:**
  - renovating 3% of buildings owned and occupied by the central governments (from 2014)
  - energy efficiency considerations in public procurement

- **Heating and cooling:**
  - comprehensive assessment of the H/C potential for the application of high-efficiency cogeneration and efficient district heating and cooling (by 2015)
  - mandatory cost benefit analyses whenever existing thermal electricity generation installations, industrial installations or DHC networks (above 20 MWth) are planned or substantially refurbished with a view of promoting co-generation

- **Energy transport:** Identifying measures and investments for energy efficiency improvements in the network infrastructure (with timetable for their introduction)
Article 7 of EED

- Achievement of a certain amount of final energy savings between 2014 and 2020 by using energy efficiency obligations schemes (EEOS) or 'alternative measures’

- Amount: new annual energy saving equaling 1.5% of the baseline, i.e. average final energy consumption of 2010-2012 but
  - exclusion of energy used by transport and energy for own use from baseline
  - Max 25% reduction of the savings target

- Energy savings should be achieved at the end consumer
The use of EEOS in Art 7

- The majority of MSs will use EEOS (16)
- BG, DK, LU and PL will use EEOS exclusively
- 12 MSs will use only alternative measures
Introduction of EEOS
Planned delivery of savings

- EEOSs: only 40% of savings
- MSs are to use more ‘traditional’ measures
<table>
<thead>
<tr>
<th>MS</th>
<th>% of savings target by delivered by EEOS</th>
<th>MS</th>
<th>% of savings target by delivered by EEOS</th>
</tr>
</thead>
<tbody>
<tr>
<td>DK</td>
<td>100%</td>
<td>IT</td>
<td>62%</td>
</tr>
<tr>
<td>BG</td>
<td>100%</td>
<td>IE</td>
<td>48%</td>
</tr>
<tr>
<td>PL</td>
<td>100%</td>
<td>CR</td>
<td>41%</td>
</tr>
<tr>
<td>LU</td>
<td>100%</td>
<td>SI</td>
<td>33%</td>
</tr>
<tr>
<td>FR</td>
<td>87%</td>
<td>MT</td>
<td>17%</td>
</tr>
<tr>
<td>ES</td>
<td>44%</td>
<td>UK</td>
<td>21%</td>
</tr>
<tr>
<td>AT</td>
<td>42%</td>
<td>LT</td>
<td>65%</td>
</tr>
<tr>
<td>EE</td>
<td>5%</td>
<td>LV</td>
<td>77%</td>
</tr>
</tbody>
</table>
Obligated parties (OPs)

- Most MS oblige suppliers
- DSOs as OPs only in 4 (IT, DK, CR and LT)
- EE: both DSOs and suppliers
- MT: single company
Trading of energy savings

<table>
<thead>
<tr>
<th></th>
<th>Bilateral trading</th>
<th>Third party savings</th>
<th>Both</th>
</tr>
</thead>
<tbody>
<tr>
<td>AT</td>
<td>BG, CR, PL</td>
<td>FR, IE, IT, UK</td>
<td></td>
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</tbody>
</table>

Via trading platform
Banking and borrowing

- Banking is allowed in 4 MSs: IE, UK, FR, CR
- Banking and (limited) borrowing only in IT and DK
Design: social aims

• MS may define energy savings subtargets with social aims but this option is used only in 4 MSs:
  ▸ Austria: uplift by factor of 1.5 for savings achieved in fuel poor households
  ▸ France: option for obligated parties to contribute to 4 programs on fuel poverty
  ▸ Ireland: 5% of savings need to be achieved in energy poor households (receiving certain welfare transfers or located in designated areas)
  ▸ UK: part of the target needs to be achieved in 25% lowest areas on the Index of Multiple Deprivation and in households receiving certain welfare transfers
## Penalty regimes

<table>
<thead>
<tr>
<th>MS</th>
<th>Penalty</th>
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</tr>
</thead>
<tbody>
<tr>
<td>AT</td>
<td>0.2 €/kWh</td>
<td>IE</td>
<td>1.25 of the buyout price</td>
</tr>
<tr>
<td>BG</td>
<td>€510-255,000</td>
<td>IT</td>
<td>not defined “ex ante”</td>
</tr>
<tr>
<td>CR</td>
<td>contribution to EE Fund is not recoverable</td>
<td>MT</td>
<td>up to €100,000 or €600/day</td>
</tr>
<tr>
<td>UK</td>
<td>up to 10% of global turnover</td>
<td>PL</td>
<td>up to m€2 but less than 10% of income</td>
</tr>
<tr>
<td>FR</td>
<td>buy-out of 0.02 €/kWh</td>
<td>SI</td>
<td>€15,000-€250,000</td>
</tr>
</tbody>
</table>
Conclusions and the way ahead

• EEOS operating pre-EED all contribute to the implementation of Article 7 (except BE): viability of the policy instrument
• EEOSs have a significant contribution to the savings target but failed to become the single dominant policy instrument
• Suppliers and DSO are both affected depending on the MS – new business opportunities
• Trading - especially via trading platforms - can results in cost effective solutions
• The Commission shall assess the implementation of Article 7 by June 2016 and report on it to the European Parliament and Council