

Recommendations on the Reform of the Energy Efficiency Directive concerning Energy Efficiency Obligation Schemes (Art. 7)

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The review of the EED - Energy Efficiency Directive (2012/27/EU) is foreseen for adoption during the 3rd quarter of 2016. EU Commission has recently finalised the evaluations of the EED, while work on the Impact Assessment is advancing. Based on the findings already presented, IFIEC Europe - representing the world's most efficient energy users - makes the following statements on possible policy options and ways forward for the EED concerning energy efficiency obligation schemes and alternative measures (Art. 7 EED):

EED should be extended to 2030 based on an indicative 27% target

As the European Council in 2014 has set an indicative 2030 target at EU level of 27%, the EU Commission is required to extend the obligation period to 2030 within these predefined pillars.

- IFIEC disagrees with the increase of the energy efficiency target to 40% as asked by the European Parliament, and does not see any basis nor reason to question the Council decision on the target level itself.

Encourage implementation of existing energy efficiency obligation schemes

Evidence suggests that Member States would reach the required efficiency improvements by 2020 if the requirements will be correctly applied.

- The current obligation scheme is already extensive and has obviously contributed to energy efficiency improvements.
- Instead of increasing existing obligation schemes, EU should rather encourage Member States to implement the EED properly.

Increase flexibility to secure successful implementation

Clarifying and simplifying requirements, offers Member States a clearer vision of how to implement the EED in a more successful way. Experiences made so far on implementing energy audits requirements have shown that often no energy efficiency improvements have been achieved but have resulted in extra burden (costs, manpower) due to additional bureaucracy.

- Therefore, alternative measures granted to Member States may give greater flexibility in how to achieve requirements in heterogeneous sectors as the industry.
- A European wide scheme full of requirements would only complicate the implementation process, create huge administrative burden and at the end prevent energy efficiency improvements.

- Instead, several examples with voluntary agreements between energy intensive industry and governments have proven their effectiveness; energy efficiency improvements supported by successful incentive schemes have been achieved while preserving the competitiveness of the industry.

For each sector the right level of efficiency improvements needs to be determined

The continuous efforts of energy intensive industry to increase energy efficiency are increasingly reaching the boundaries of the technological optimisation possibilities. Thus, industry's remaining economic potential to improve efficiency is relatively small (see Impact Assessment on the EED).

- Therefore, the level of efficiency improvements should be determined on sector level (residential, transport, industrial, commercial) and based on their remaining economic potential per sector. Sectors with the highest economic efficiency potentials can and should contribute most.
- In addition, it is of fundamental importance to understand that pursuing energy efficiency must not be misinterpreted as putting absolute limits to energy consumption and therefore prevent development and economic growth.

EU ETS sectors need to be excluded from EED's scope

Energy intensive industry which is under the regulation of EU ETS should not be further burdened with an additional obligation to improve their energy efficiency, as EU ETS being by itself a tool leading to energy efficiency improvements.

- Double regulation for industry subject to EU ETS needs to be avoided.
- Thus, Article 7 should be changed and foresee the exclusion of sectors covered by EU ETS for any Energy Efficiency Obligation Scheme.

In terms of energy efficiency, IFIEC advocates in general for:

- Sectors already covered by EU ETS should not be subject to also an energy efficiency target. In these terms, focus is needed on non-ETS sectors.
- No absolute target for energy consumption since it does not incentivise energy efficiency, but instead hinders economic growth and is in contradiction to EU's industrial target of 20% industry share of GDP by 2020.
- The economic and technological feasibility of potential improvements should be taken into account and early actions should be recognized.
- The energy efficiency measures should allow for EU manufacturing industries to maintain their international competitiveness.

IFIEC Europe represents energy intensive industrial consumers where energy is a major component of operating costs and directly affects competitiveness