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# Energy savings under Article 7 of the Energy Efficiency Directive

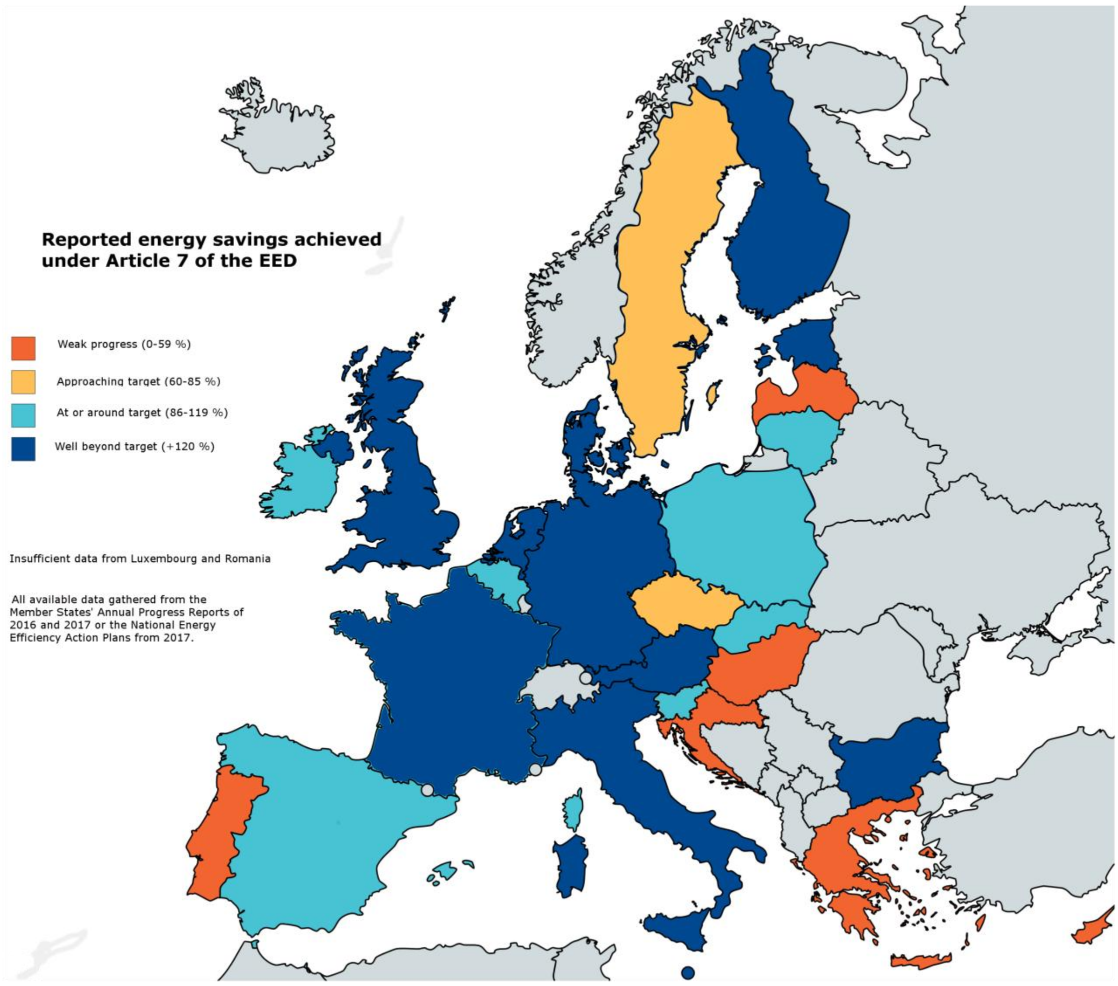
## Analysis of national progress reports and positions

20 June 2017

## Table of contents

## 1. Most countries report achievement or overachievement of 1.5% annual energy savings

Annual progress reports and National Energy Efficiency Action Plans (NEEAPs), which were due April this year under the Energy Efficiency Directive (EED), confirm progress reported already last year in achieving the annual energy savings requirement of Article 7. Most countries have been able to increase their savings during the second year of implementation. Meanwhile, and while a large majority of Member States report achieving or overachieving the annual energy savings requirement of 1.5%, many of them are requesting additional loopholes in the EED revisions to lower the requirement after 2020 by over 80% considering the text prepared by the Maltese Presidency for the 14 June 2017 COREPER I meeting[1].




[1] Analysis by the Coalition for Energy Savings http://energycoalition.eu/energy-council-preparations

## 2. Country fiches of selected Member States

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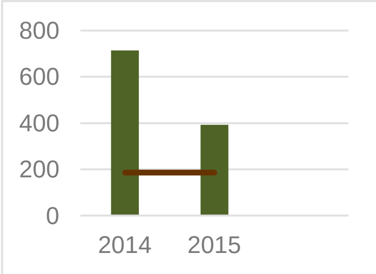
| *Austria*  |   | Energy Savings (in ktoe) reported under Article 7. Horizontal line represents average annual savings required to reach minimum savings for the period 2014-2020. |

Austria has not been actively taking a position on the level of the annual savings requirement in the Council negotiations, as the Austrian government has commissioned a national impact assessment on Article 7 of the EED. The process is still ongoing. During the first two years of the EED period Austria was well above the average annual savings required to reach minimum savings for the period 2014-2020. In 2014 energy tax delivered 3/4 of savings. In 2015 half of the savings came from an energy efficiency obligation scheme.

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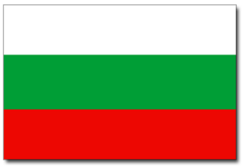
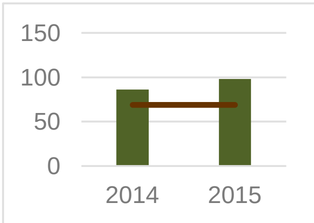
| *Bulgaria*  |   | Energy Savings (in ktoe) reported under Article 7. Horizontal line represents average annual savings required to reach minimum savings for the period 2014-2020. |

Bulgaria has surpassed its annual targets under Article 7. Half of all Bulgarian savings come from a metering and billing scheme for improved access to consumer information on electricity, heat energy and natural gas usage.

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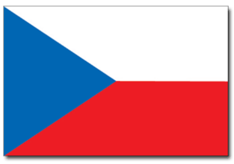
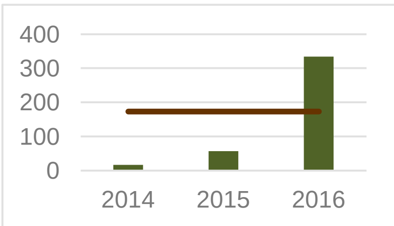
| *Czech Republic*  |   | Energy Savings (in ktoe) reported under Article 7. Horizontal line represents average annual savings required to reach minimum savings for the period 2014-2020. |

In the Council negotiations on the Energy Efficiency Directive the Czech Republic has been a proponent for including additional loopholes and reducing ambition to the Article 7. Czech savings reported under Article 7 have increased radically since the beginning of the period. In 2016, when the savings rate had a nearly six-fold increase from the level of 2015, three quarters of the savings came from an older Strategic Framework for Sustainable Development, which concentrated mainly on supply-side efficiency measures and raises measurement and verification questions.

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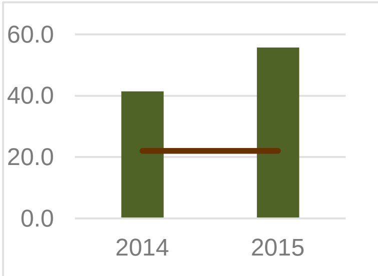
| *Estonia*<br> | <br> | Energy Savings (in ktoe) reported under Article 7. Horizontal line represents average annual savings required to reach minimum savings for the period 2014-2020. |

Estonia has been successful in implementing Article 7 of the EED during the first years of the implementation. 99% of its savings come from various energy taxation measures.

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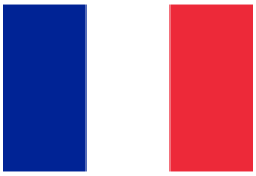
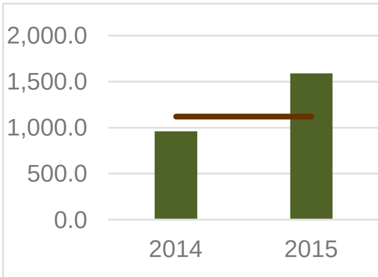
| *France*<br> | <br> | Energy Savings (in ktoe) reported under Article 7. Horizontal line represents average annual savings required to reach minimum savings for the period 2014-2020. |

France has been one of the main players in a bloc of supportive nations to the Commission's proposal on a strong Article 7. France has been fulfilling its Article 7 requirements through its White Certificate scheme for energy producers. In 2014 it was slightly under its annual target but in 2015 improved its annual average to above the target. Around a half of the savings of the White Certificate scheme is in the residential buildings, the scheme was recently extended and its success has been used internally as an argument for continuing a strong Article 7.

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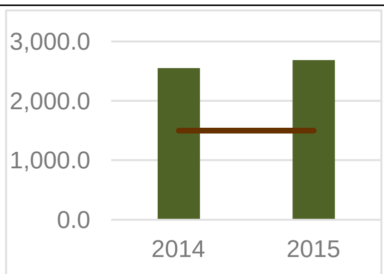
| *Germany*<br> | <br> | Energy Savings (in ktoe) reported under Article 7. Horizontal line represents average annual savings required to reach minimum savings for the period 2014-2020. |

Germany has been active in protecting the Article 7 from further weakening through increased loopholes or a lower annual percentage target during the negotiation process in the Council. Its energy efficiency programmes have been successful in fulfilling the requirements under Article 7 of the EED. Around two thirds of its energy savings come from an energy tax introduced in 1999 and last updated in 2003. Stakeholders have been criticizing the German government for reporting on measures whose capacity to deliver savings is unclear. The Commission received complaints for example on the use of road taxes as energy efficiency measures. The German government commissioned a Green Book on energy efficiency to chart out the future of the next generation of EE programmes. Germany does not follow the standardized reporting template proposed by the Commission, making it difficult to analyse the impact of tax measures during the whole period.

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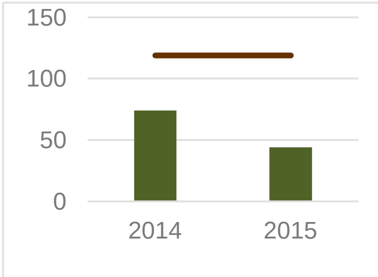
| *Greece*  |   | Energy Savings (in ktoe) reported under Article 7. Horizontal line represents average annual savings required to reach minimum savings for the period 2014-2020. |

Greece has had problems in achieving its Article 7 target. Most of the savings have come from transport (support for both public transport and replacing old private passenger vehicles) and an Energy Saving at Home programme subsidizing investments for energy efficiency in the residential sector.

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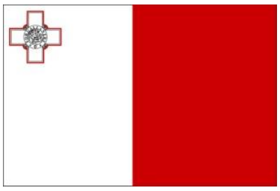
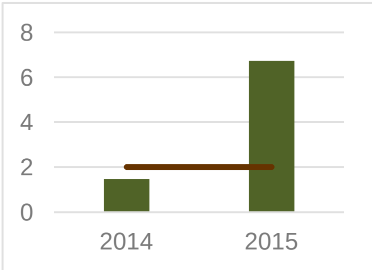
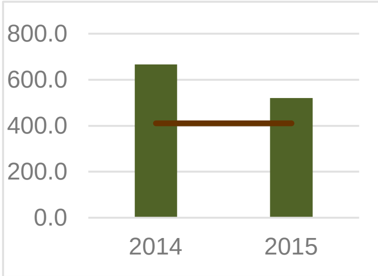
| *Malta*  |   | Energy Savings (in ktoe) reported under Article 7. Horizontal line represents average annual savings required to reach minimum savings for the period 2014-2020. |

Malta is holding the presidency of the Council of the EU and attempts to close the negotiations on energy efficiency files. Criticised by stakeholders for weakening the provisions of Article 7 in their compromise proposals, they stated they were acting as honest brokers. Malta had difficulties in achieving the Article 7 target in the first year, but already on the second year of implementation overachieved the target by more than 300%. Malta has an energy efficiency obligation scheme which provides only a small part of the savings, with nearly three quarters coming from financing schemes. According to the Maltese National Energy Efficiency Action Plan these measures: “included savings stemming from projects carried out in order to improve energy efficiency in Government-owned industry, savings as a result of incentives schemes for double glazing, roof insulation and solar water heaters, energy efficiency measures in low-income households, savings as a result of grant schemes to improve vehicle fleet efficiency and self consumption of PV generation.”

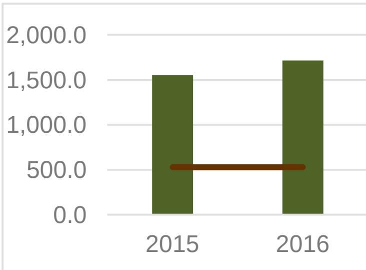
*Netherlands*




Energy Savings (in ktoe) reported under Article 7. Horizontal line represents average annual savings required to reach minimum savings for the period 2014-2020.

The Netherlands has been able to implement the Article 7 going well beyond its minimum required target both in 2014 and 2015. The Dutch negotiators have stated that their support for a 1.5% annual energy savings obligation in the Council is dependent on being guaranteed flexibilities, mainly the carryover of excess savings from the 2014-2020 period, in its implementation. The Dutch energy efficiency policies produce savings from a variety of measures, the two most important are the Energy Investment Allowance, a tax relief program subsidising energy efficiency investments and policies targeted to improving the energy efficiency of households.

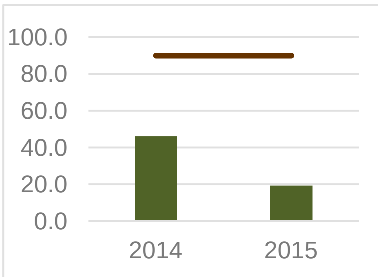
*Poland*




Energy Savings (in ktoe) reported under Article 7. Horizontal line represents average annual savings required to reach minimum savings for the period 2014-2020.

Poland has not been active during the Article 7 negotiations on the EED revision. Poland relies exclusively on an energy efficiency obligation scheme to achieve its target. The EEO began in 2015. The current figure surpasses the Polish target by more than 300 %.

*Portugal*




Energy Savings (in ktoe) reported under Article 7. Horizontal line represents average annual savings required to reach minimum savings for the period 2014-2020.

Although supportive of a binding 30% target in the Commission’s proposal on the EED, Portugal is concerned with the extension of the cumulative energy savings target of 1.5% by volume of annual energy sales to final consumers by 2030. Portugal cites difficulties in implementation and monitoring of the article in a southern country, where most of the possible savings can only come from industrial consumers as the share of heating and cooling in households is smaller than in other countries. Around half of its savings come from SGCIE – Management system of Intensive Energy Consumption - and nearly a third from PPEC, a consumption efficiency promotion plan. In the SCGIE incentives are awarded for the promotion of measures aimed at improving efficiency in electricity consumption at the consumer level through measures taken by suppliers, network operators and organisations. The implementation of the planned measures during the first year of the savings period were insufficient, therefore Portugal has stated that additional measures will be taken in energy consumption among final consumers in order to achieve the proposed objectives.

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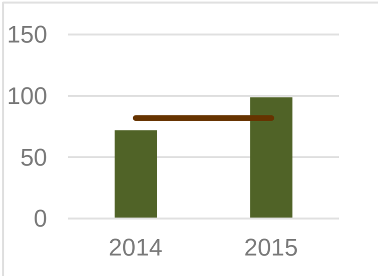
| *Slovakia*  |  | Energy Savings (in ktoe) reported under Article 7. Horizontal line represents average annual savings required to reach minimum savings for the period 2014-2020. |

Slovakia asks for additional loopholes under the Council negotiations. Approximately half of its savings come from the building sector in 2014, but its annual reports do not show savings by project. Slovakia’s 2015 annual savings surpassed the target and was enough to cover for the first year’s small deficit.

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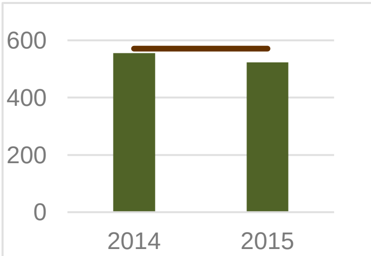
| *Spain*  |  | Energy Savings (in ktoe) reported under Article 7. Horizontal line represents average annual savings required to reach minimum savings for the period 2014-2020. |

In the ongoing negotiations of the EED Spain has requested additional loopholes and reduced ambition of the Article 7 target level. Spain has a large diversity of measures reported under Article 7 of the EED, although half of all savings are reported under the Law 15/2012 on fiscal measures to aid energy sustainability. Its reported savings are close to the annual target.

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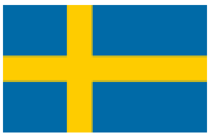
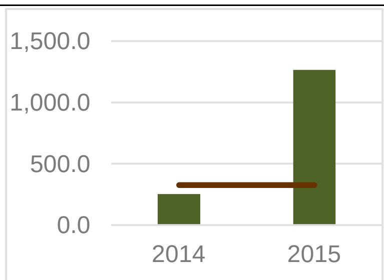
| *Sweden*  |  | Energy Savings (in ktoe) reported under Article 7. Horizontal line represents average annual savings required to reach minimum savings for the period 2014-2020. |

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Sweden has been asking for a 30% binding target and keeping Article 7 ambition during the Council negotiations. Its second year's savings related to Article 7 compensated for the underachievement of the first year. It has achieved its requirements related to Article 7 mainly through energy taxes. Sweden does not follow the standardized reporting template proposed by the Commission, making it difficult to analyse the impact of tax measures during the whole period.

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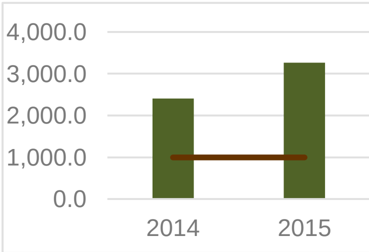
| *United Kingdom*  |   | Energy Savings (in ktoe) reported under Article 7. Horizontal line represents average annual savings required to reach minimum savings for the period 2014-2020. |

The UK has asked for making the EED headline 2030 target and Article 7 savings requirements voluntary. It supported additional loopholes in article 7, an specifically asked for retroactively removing the additionality requirement for national codes for new buildings, as set by the Energy Performance in Buildings Directive, which would mean that any new building would count as delivering new energy savings. According to its own reports, the UK has been successful in implementing Article 7 during the first two years. It has been criticised for including building regulations for new buildings, which account for a large part of their savings even though their additionality to EU measures are doubtful. The Maltese presidency has included new buildings to allowed article 7 savings during the ongoing negotiations.

## 3. Conclusions: progress reports confirm national positions on the EED revision, but not always

- Many countries report good progress in implementing the EED's main provision, the 1.5% new annual energy savings requirements set out in Article 7.
- Many of these countries, led by France and Germany, support extending the requirement after 2020 without lowering its ambition.
- Several other countries also reporting good progress, including UK, Slovakia, Finland, Spain and Italy, asked for lowering the ambition after 2020 by adding several additional loopholes. Their motivation is not always clear:
    - Is reaching the 1.5% annuals savings too difficult? So far no country has brought forward evidence;
    - Are there doubts about the correct implementation of Article 7? For example the UK is counting its codes for new building without proofing of additionality; and
    - Is energy efficiency seen as a less relevant element in the EU's policy mix to reach a decarbonised energy system?