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Energy savings under Article 7 of the Energy Efficiency Directive

Assessment of national progress reports and positions

23 May 2018

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Introduction and objective

Article 7 of the Energy Efficiency Directive (EED) requires Member States to put in place energy efficiency measures to deliver annual end-use energy savings worth 1.5% of energy sales starting in 2014. The savings are cumulative and need to reach in total 10.5% at the end of the 7 year period in 2020 when the requirement ends. Member States have the possibility to lower the effective savings required by discounting energy sold in transport and additional lowering of 25%. In average this means that the effective savings rate is closer to 0.75% per year and 5.25% total savings in 2020.

Each year in April Member States have to report progress on the EED implementation including the Article savings from two years earlier, i.e. the progress report in 2018 should provide the Article 7 savings realised in 2016.

This report looks at the total savings reported in 2016, 2017 and 2018 for the years 2014, 2015 and 2016 and compares those to the notified Article 7 savings targets. This report is building on the 2017 report[1], with the aim of assessing and mapping national progress towards the Article 7 target.

As part of the revision of the EED, the EU legislators are discussing the extension of Article 7 beyond 2020. Many Member States raised concerns about the feasibility and costs of the provision. The Council's general approach from June 2017 proposes to increase exemptions meaning that the annual savings rate would drop from effective 0.75% to 0.38% after 2020[2].

State of play and assessment approach

By 23 May 2018 for 18 countries national progress reports were published on the Commission's website[3]. Only 9 of those use the common template. As a consequence assessment is hampered and can be prone to misunderstandings. The Article 7 requirement covers *'new'* savings per year, leading to a minimum of *'total'* savings in a given year and *'cumulative'* savings over a multi-year period. Only if those three parameters are provided, can misunderstandings be avoided. Since this is not the case we had to make assumptions including that:

- savings have a life time over 7 years in general; and
- taxation measures are only delivering very short term savings.

For the assessment and mapping we compare the cumulative savings reported for 2014-2016 and their projection until 2020 compared to what would be expected with a linear target path using the same method. The results are compared with last years findings to assess progress.

In case of the Romania progress report and assessment was not possible.

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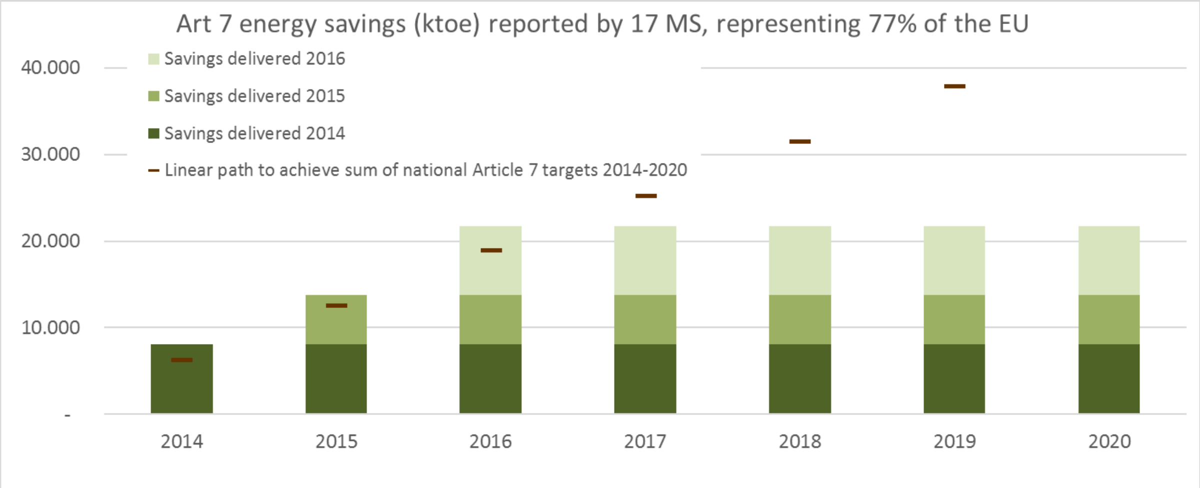
[1] Assessment from 25 July 2017 http://www.stefanscheuer.eu/20170725_Stefan_Scheuer_Art7_%20Energy_Efficiency_Directive_Analysis_national_progress_reports_and_positions%201.pdf

[2] Briefing of the Coalition for Energy Savings June 2017 http://energycoalition.eu/sites/default/files/20170629_Assessment_General_Approach_on_Energy_Efficiency_Directive.pdf

[3] https://ec.europa.eu/energy/en/topics/energy-efficiency/energy-efficiency-directive/national-energy-efficiency-action-plans

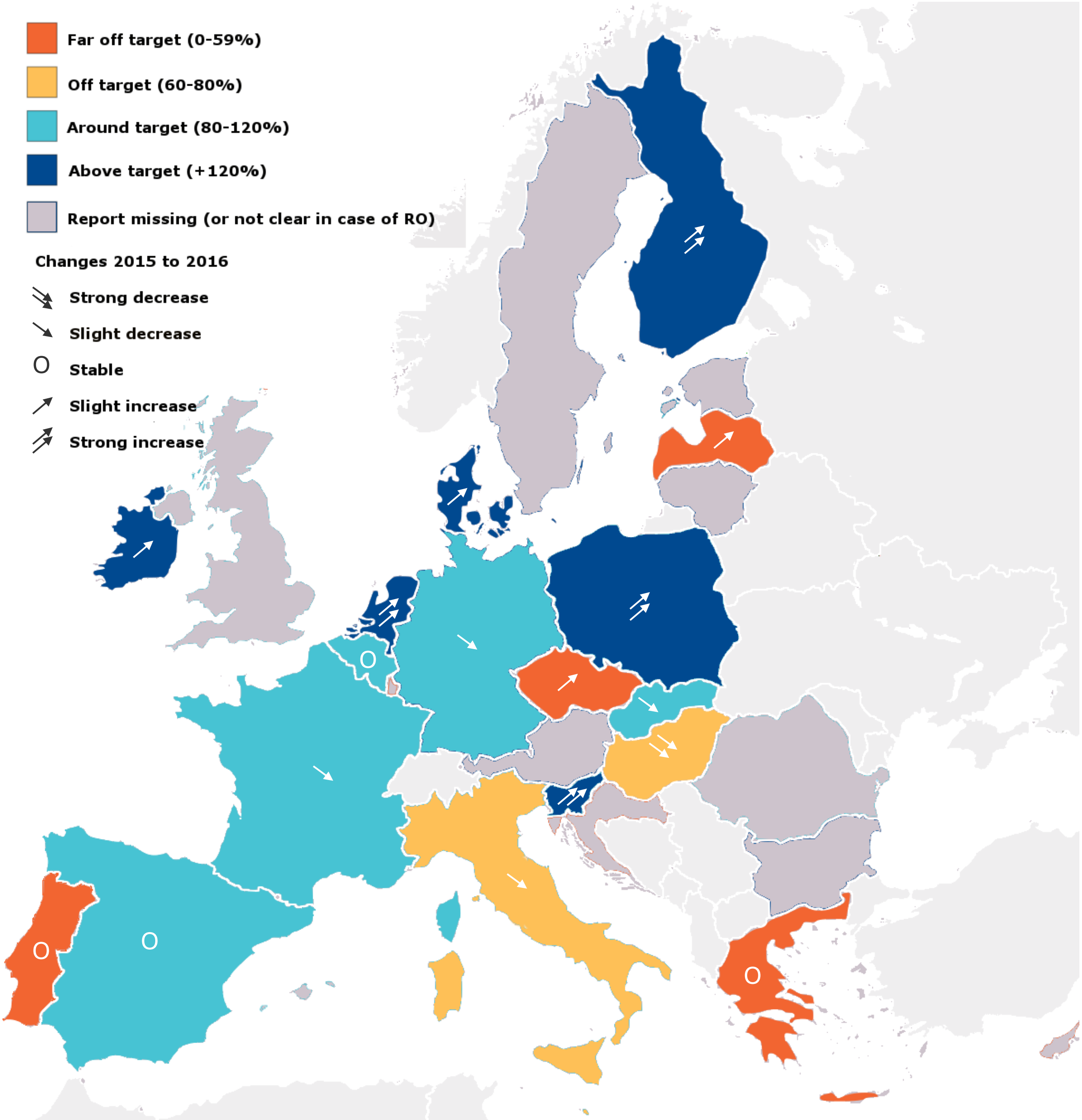
Good progress & increasing surplus, but some countries fallen behind

The total amount of savings reported by 17 Member States, which represent 77% of the EU's energy use, is above target. The savings reported for 2014, 2015 and 2016 would deliver cumulative savings for the period 2014-2020 of 15% or 17,000 ktoe cumulative above the minimum for those countries. The surplus has increased compared to last year's reports.



In their 2018 reports, some countries changed savings reported in earlier years. Most countries that already in 2017 reported good progress continue also in 2018.

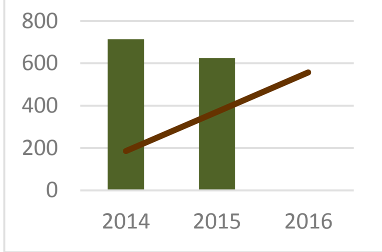
The map below summarises the findings for each Member State. More detailed information is provided for some countries in the next section.


Far off target (0-59%)
Off target (60-80%)
Around target (80-120%)
Above target (+120%)
Report missing (or not clear in case of RO)
Changes 2015 to 2016
Strong decrease
Slight decrease
O Stable
Slight increase
Strong increase

Information for selected Member States

Austria

Missing 2018 progress report

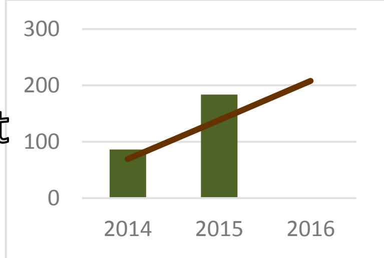


Energy Savings (in ktoe) reported under Article 7. Line represents average total savings per year required to reach minimum savings for the period 2014-2020.

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. During the first two years of the EED period Austria was well above the average new savings per year required to reach minimum savings for the period 2014-2020. In 2014 an energy tax delivered 3/4 of savings. The energy tax does not continue to deliver new savings each year. In 2015 already half of the savings came from an energy efficiency obligation scheme.

Bulgaria

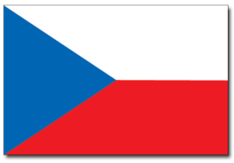
Missing 2018 progress report

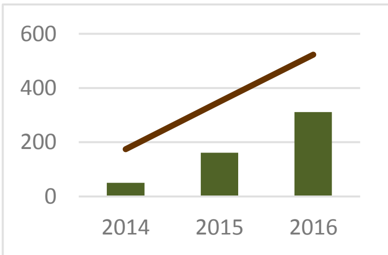


Energy Savings (in ktoe) reported under Article 7. Line represents average new savings per year required to reach minimum savings for the period 2014-2020.

Bulgaria has surpassed its average new savings per year required 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. Bulgaria abstained from voting on the General Approach in the Energy Council as it could not accept moving away from 2014 European Council conclusions with an energy efficiency target of 30%.

Czech Republic





Energy Savings (in ktoe) reported under Article 7. Line represents average total savings per year required to reach minimum savings for the period 2014-2020. The light green bar represents savings from supply side.

In the Council negotiations on the Energy Efficiency Directive the Czech Republic has been a proponent for reducing Article 7 ambition. Savings reported under Article 7 are well below the target path. The 2017 progress report was more optimistic, relying on an older Strategic Framework for Sustainable Development, which concentrated mainly on supply-side efficiency measures and may only count towards reducing the final end-use target (up to 25%) but not for reaching the remainder of the target. Czech Republic negotiated hard for its position but finally voted for the General Approach in the Energy Council of 26 June.

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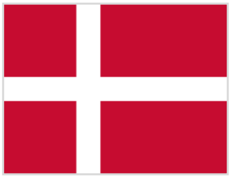
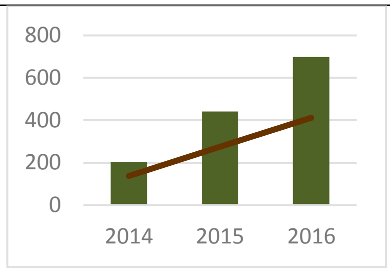
Denmark



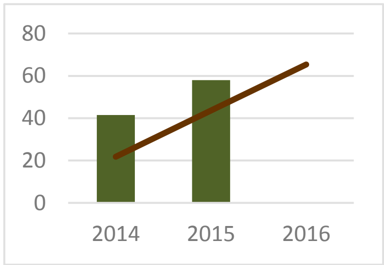


Energy Savings (in ktoe) reported under Article 7. Line represents average total savings per year required to reach minimum savings for the period 2014-2020.

Denmark was active in supporting a higher level of ambition in the Council's General Approach and was one of the co-signatories of a letter regretting the lack of ambition of the final deal on the EED. It has reported a successful implementation of Article 7 of the EED during the first years of the implementation, well above the target.

Estonia

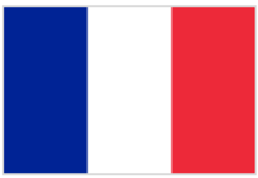
Missing 2018 progress report

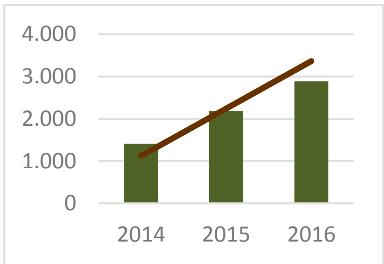


Energy Savings (in ktoe) reported under Article 7. Line represents average total savings per year required to reach minimum savings for the period 2014-2020.

Estonia has reported a successful implementation of Article 7 of the EED during the first years of the implementation. 99% of its savings come from various energy taxation measures. As a country holding the Council's presidency in the second half of 2017, Estonia did not take a strong position on the revision of the EED.

France





Energy Savings (in ktoe) reported under Article 7. Line represents average total savings per year required to reach minimum savings for the period 2014-2020.

France has been fulfilling its Article 7 requirements through its White Certificate scheme for energy suppliers. Around a half of the savings of the White Certificate scheme take place 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. France was active in supporting a higher level of ambition in the Council's General Approach and was one of the co-signatories of a letter regretting the lack of ambition of the final deal on the EED. France defended the Commission's proposal to maintain Article 7 ambition after 2020, and supported Germany's proposal to reinforce the Article by removing the possibility to exclude transport energy sales from the baseline.

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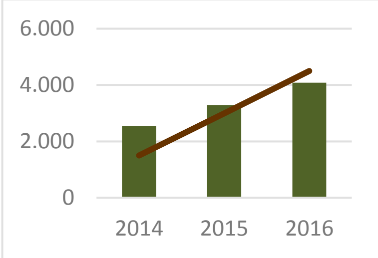
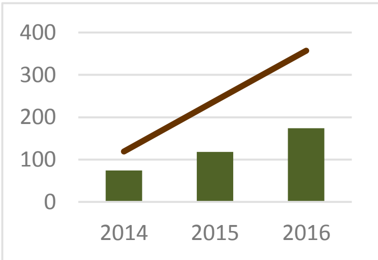
Germany



Energy Savings (in ktoe) reported under Article 7. Line represents average total savings per year required to reach minimum savings for the period 2014-2020.

Germany reported a successful implementation of Article 7 of the EED during the first years of the implementation. Around two thirds of the energy savings come from an energy tax introduced in 1999 and last revised in 2003. In the 2018 report Germany removed the savings from the EU-ETS with reference to concerns raised by the European Commission (EU Pilot, which means an informal approach by the Commission ahead of formal enforcement actions). Germany was active in supporting a higher level of ambition in the Council's General Approach and was one of the co-signatories of a letter regretting the lack of ambition of the final deal on the EED. Germany defended the Commission's proposal to maintain Article 7 ambition after 2020 and also proposed to reinforce the Article by removing the possibility to exclude transport energy sales from the baseline.

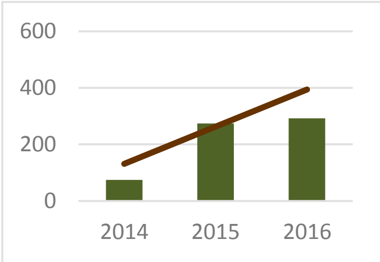
Greece



Energy Savings (in ktoe) reported under Article 7. Line represents average total savings per year required to reach minimum savings for the period 2014-2020.

Greece has had difficulties 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 subsidising investments for energy efficiency in the residential sector.

Hungary

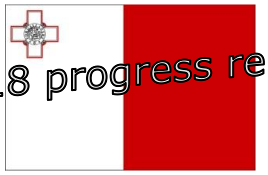


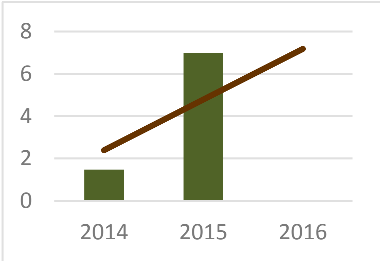
Energy Savings (in ktoe) reported under Article 7. Line represents average total savings per year required to reach minimum savings for the period 2014-2020.

Hungary voted against the General Approach at the 26 June Energy Council, stating that it could not approve the increase of ambition, which went to their understanding beyond the 2014 European Council conclusions. Hungary’s Article 7 implementation has picked up speed in 2016 but stopped in 2016.

Malta

Missing 2018 progress report

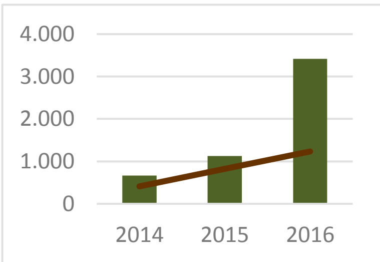




Energy Savings (in ktoe) reported under Article 7. Line represents average total savings per year required to reach minimum savings for the period 2014-2020.

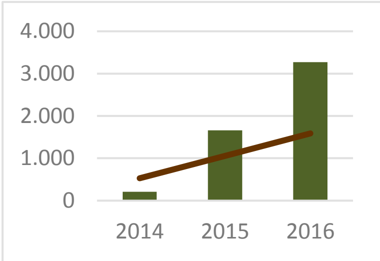
Malta had difficulties in achieving the Article 7 target in the first year, but already in the second year of implementation overachieved the target by more than 300%. Malta has an energy efficiency obligation scheme which provides a small part of the savings only, with nearly three quarters coming from 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

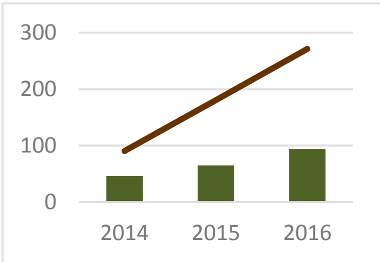


Energy Savings (in ktoe) reported under Article 7. Line represents average total savings per year required to reach minimum savings for the period 2014-2020.

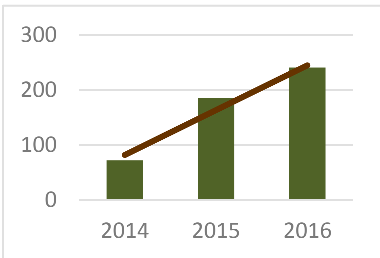
The Netherlands has been able to implement Article 7 going well beyond its minimum required target both in 2014 and 2015 and stepping up delivery in 2016. The Dutch negotiators have stated that their support for a 1.5% annual energy savings obligation in the Council is dependent on being guaranteed flexibilities 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. Line represents average total savings per year required to reach minimum savings for the period 2014-2020.

Poland has not been very active during the Article 7 negotiations on the EED revision but objected to the text of the general approach. Poland relies exclusively on an energy efficiency obligation scheme to achieve its target. The EEO began in 2015 and overachieves significantly the minimum annual requirement.

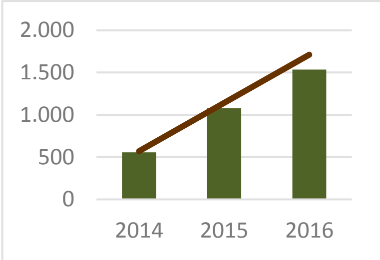
Portugal 		Energy Savings (in ktoe) reported under Article 7. Line represents average total savings per year required to reach minimum savings for the period 2014-2020.

Although supportive of a binding 30% target in the Commission's proposal on the EED, Portugal is concerned with the extension of Article 7. 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. Over one third of total savings 2016 come from SGCIE – Management system of Intensive Energy Consumption – and a quarter from PPEC, a consumption efficiency promotion plan, which has increased from 2015 to 2016. 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 was insufficient, therefore Portugal has stated that additional measures will be taken in energy consumption among final consumers in order to achieve the objectives.

Slovakia 		Energy Savings (in ktoe) reported under Article 7. Line represents average total savings per year required to reach minimum savings for the period 2014-2020.

Slovakia asked for additional loopholes under the Council negotiations and for Article 7 to be indicative. Approximately half of its savings came from the building sector in 2014, but the annual reports do not show savings by project. Slovakia's 2015 annual savings surpassed the target and were sufficient to cover for the first year's small deficit.

Spain

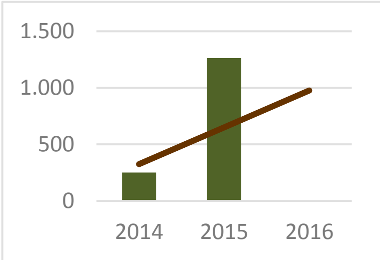


Energy Savings (in ktoe) reported under Article 7. Line represents average total savings per year required to reach minimum savings for the period 2014-2020.

In the negotiations on 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.

Sweden

Missing 2018 progress report



Energy Savings (in ktoe) reported under Article 7. Line represents average total savings per year required to reach minimum savings for the period 2014-2020.

In Sweden, the second year's Article 7 savings compensated for the underachievement in the first year. Sweden has achieved its requirements related to Article 7 mainly through energy taxes. It does not follow the standardised reporting template proposed by the Commission, making it difficult to analyse the impact of tax measures during the whole period. Sweden has asked for a binding target of at least 30% and defended Article 7 ambition during the Council negotiations. It was active in supporting a higher level of ambition in the final Energy Council meeting that decided on a General Approach. It also supported Germany's proposal to reinforce Article 7 by removing the possibility to exclude transport energy sales from the baseline. Sweden is currently the only Member State which is not making use of this exemption possibility.