

Energy efficiency first

From a policy win
to sound national plans

Part II:
eight country stories

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Disclaimer

The following country stories and conclusions are our own, based on interviews and further research. They do not represent the views of the interviewed persons.

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Introduction

With the Clean Energy Package completed, the EU has now at its disposal a new set of climate and energy legislation, as well as targets to be met until 2030. The Energy Union Governance Regulation requires Member States to set in the National Energy and Climate Plans (NECPs) their contributions to the EU target, as well as the policies and measures put in place to reach them. The final versions are expected by the end of 2019, after Member States undergo public consultation process and take “due account” of Commission’s recommendations published in June 2019.

With the Energy Union Governance, Member States are required to use a common analytical basis to set their energy targets and measures, and present everything in one single document - the integrated National Energy and Climate Plan (NECP)¹. In this process, Member States shall take into account the interlinkages between the five dimensions of the Energy Union, in particular the energy efficiency first principle.

The first part of this report was published in April 2019 under the title “Energy Efficiency First – from a policy win to sound national plans”. This review² of ten draft NECPs submitted to the Commission by Member States showed that the energy efficiency first principle was not yet rooted in Member States’ planning process. The review made suggestions on how this could be improved and concluded that feedback from stakeholders both at national and EU levels should help further understand how Member States can improve their energy efficiency target, which have been defined in several publications³ as insufficient.

This report is based on interviews with stakeholders at national level in eight Member States. It explores the impacts of the new Governance framework on national energy planning and policy making, and is aimed at supporting the next steps towards finalising the NECPs.

¹ [European Commission, National Energy and Climate Plans \(NECPs\)](#)

² [Marion Santini \(2019\), “Energy efficiency first – From a policy win to sound national plans”](#)

³ See the following assessments:

Bankwatch (2019), “Making the grade? A review of eight national energy and climate plans in central and eastern Europe”

CAN Europe (2019), “Time to keep up the pace – Insights into the draft National energy and climate plans”

Climact and Ecologic (2019), “Planning for net zero: assessing draft National Energy and Climate Plans”

PlanUp for strong and inclusive energy & climate plans (2019)

The Coalition for Energy Savings (2019), “Energy efficiency - State of Energy Efficiency in National Energy and Climate Plans”

On renewable energy see also Wind Europe (2019), “Overview of the targets and measures in the draft 2030 National Energy and Climate Plans”





Lessons learnt and recommendations

Public consultation – a rushed process

The large majority of stakeholders who were interviewed were and still are in contact with their national governments or energy agencies on the margin of draft NECPs, sending comments for the public consultation or even helping the ministries in charge with the drafting. In some Member States it was not the case mainly due to late publication or lack of transparency. However, the second session of public consultations on what will become final NECPs seems to be better organised and all the interviewed stakeholders plan to submit comments.

Only a minority of stakeholders were in contact with the Commission, with the purpose of sending in comments to inform Commission's recommendations on the plans.

→ Member States should follow best practice in terms of public consultations, both in the finalisation of NECPs and in the monitoring of progress.

→ The European Commission should open its assessment process to national stakeholders, through a formal consultation process.

Energy efficiency measures – time for the next generation

The interviews showed that continuing current measures will not be sufficient. Member States have notified a number of measures which lack effectiveness (e.g. residential renovation grant scheme in Bulgaria which has high running costs), raise questions regarding their effect (e.g. difficulties with measurement, reporting and verification in Italy, ambitious building codes but questions regarding compliance in Denmark), and funding absorption (cf. Portugal and Czech Republic). Promising ideas are emerging: the Irish initiative to boost one-stop shop models for energy renovations, and the favourable legislation for energy cooperatives in Greece. Most stakeholders emphasize a need to strengthen activities in the building renovation sectors, although other issues came up as well, such as transport and data centres.

→ While allocating funding is important to support the roll out of ambitious programmes, the design of energy efficiency measures should be significantly improved by Member States.

→ The European Commission should move from the current approach (Concerted Action behind closed doors) to a more open process to discuss Member States' measures.

Energy efficiency first – next step: EU funds programming

More consistency is required in Member States funding programmes, which should include energy efficiency criteria. The programming of EU funds offers a good opportunity to do that, as stakeholders have tried in Slovakia.

→ Member States should implement the energy efficiency first principle in the programming of EU funds.

→ The relevant European Commission departments should develop guidelines on this topic.





Country profiles

Bulgaria: stakeholder mobilisation in a country with significant energy saving gaps

Stakeholders perceived a lack of transparency during the NECP drafting process. There was no official consultation on the draft NECP, although more time was then given to provide input in view of the finalisation of the NECP. Nevertheless, this situation seems to create synergies among stakeholders who came together with the aim of submitting comments to the Commission, responding to the public consultation, and initiating judicial action against the government.

Energy efficiency schemes are quite important in Bulgaria and have been the subject of political attention. Grants in the residential sector cover 100% of the renovation costs, but their effectiveness should be strengthened. On top of it, building norms and legislations seem not to be respected in the renovations benefiting from public support. An Energy Efficiency Obligation Scheme (EEOS) is in place but it is relatively small. Out of the 89 obliged parties, only 10 provided a report. It is unclear whether numbers are available to officials. Overall, there is a significant issue related to measurement, reporting and achieving the minimum level of energy savings. Only 43% of the required Article 7 savings are estimated to be realised⁴, the 2020 target gap is significant and the 2030 target would allow for further increasing energy demand⁵.

Large amounts of energy coming from coal and nuclear sources are not consumed, which is furthermore aggravated by the demographic crisis in Bulgaria (population decrease). This allegedly slows down energy efficiency action. Recently, the Bulgarian government promised coal mining will continue for at least 50 years⁶, and envisages to build a second nuclear reactor (with Russian and Chinese support)⁷. The NECP reports that energy efficiency measures include switching from electricity to gas, including at consumer level.

More information and links

Bulgaria (2018), [Integrated Energy and Climate Plan](#)

Bulgaria (2018), [Annual Report on the progress made towards achieving the national energy efficiency targets 2018](#)

European Environment Agency (2017), [Trends and projections in Bulgaria 2017 Tracking progress towards Europe's climate and energy targets](#)

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SEDA (2018), [Energy Efficiency Trends and Policies in Bulgaria](#)

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⁴ European Commission (2019), [COM\(2019\) 224 final](#)

⁵ The Coalition for Energy Savings April (2019), "Energy efficiency - State of Energy Efficiency in National Energy and Climate Plans"

⁶ Capital Bulgaria (2019), "[Climate Turn of Bulgaria](#)"

⁷ Radio Free Europe (2019), "[Bulgaria Seeks Funding For Second Nuclear Power Plant](#)"



Czech Republic: nuclear overriding energy efficiency

Stakeholders had access to several NECP drafts, but this was not an official consultation process. The official consultation was very short. Another consultation is coming before the final plan's submission.

Nuclear seems to be a top story for the Czech government, thus overriding discussions on energy efficiency and building renovations. Lately, there is a slight reorientation because the Czech Republic encounters problems on delivering annual energy savings obligation (Article 7 EED)⁸, and similar to Bulgaria is considering 2030 targets which would allow for increasing energy demand beyond the 2020 target level⁹. At the moment, there is a debate on whether the Czech Republic should put in place an Energy Efficiency Obligation Scheme (EEOS).

In the Czech Republic unemployment rate is the lowest in the EU. Workers and construction materials are missing. As a solution, the most popular grant scheme for single family houses (the New Green Savings) was modified in order to allow citizens to conduct the works themselves. But citizens are reluctant to apply to renovation grants as they are uncertain whether they fulfil the conditions. More communication campaigns would be needed to address this. Technical assistance on each dwelling's renovation plan is also needed, in order to ensure a longer-term vision of renovations. There is a renegotiation on the allocation of carbon revenues for the next period. Also, not all the funding allocated to the New Green Savings grant programme is spent. This is mainly due to the unexpected increase of EU-ETS revenues that are funding this programme.

More information and links

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Odyssee-Mure (2019), [Country profile – Czech Republic](#)

Denmark: next generation of energy efficiency tools expected

Denmark has been known for offensive policies in the field of energy efficiency. This was not the case anymore at the time of writing the draft NECPs: political ambition dropped and the government limited itself to the minimum reporting required and put forward 2030 targets well above today's energy demand, suggesting a significant slowing down of energy

⁸ Only 50% of the Article 7 savings are estimated to be reached (European Commission).

⁹ The Coalition for Energy Savings April (2019), "Energy efficiency - State of Energy Efficiency in National Energy and Climate Plans"



efficiency improvements¹⁰. It seemed as if the EU's requirements for 2020 were the major factor in preventing an immediate policy roll-back. New hopes are up with the new installed government, which announced ambitious targets and new energy efficiency related policies.

There was a change in tools, but apparently for the worse. Denmark is moving away from the Energy Efficiency Obligation Scheme (EEOS) to a competitive tendering scheme, but money put at disposal by the government is reduced by 1/3. It is believed this will deliver less energy savings than before. The measure is still to be confirmed due to State Aid compatibility issues. Denmark was also seeking to credit energy taxes as part of the energy savings obligation (Article 7 EED), which according to stakeholders is against the spirit of the EED.

It would be useful to also improve compliance to building codes. Rules could be simplified, and long-term requirements assigned to buildings, and enforced through Energy Performance Contracting (EPC). A better use of digital tools would help achieve this¹¹.

There is no evident financing problem as interest rates are low, but there are nevertheless problems related to the heterogeneous housing market, which is divided in low and high property value. Indeed, some properties saw their values go down and owners might have difficulties obtaining a loan.

More information and links

Denmark (2018), [Annual Report on the progress made towards achieving the national energy efficiency targets 2018](#)

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Odyssee-Mure (2019), [Country profile - Denmark](#)

Greece: a huge challenge for social-oriented energy efficiency actions

Thanks to the national obligations in terms of transparency, a consultation was organised ahead of the publication of the draft NECP. Thanks to support schemes, energy efficiency has quite a good outreach within stakeholders and even citizens. The debate clearly foresees a role for energy efficiency in view of infrastructure planning, where Greece is dependent on coal. However, the priority of the government is still to recover from the financial crisis. The programmes put in place aim mainly at how to make a better life for the people.

There is a successful energy efficiency subsidy programme in households, which is about to enter the third stage. But there is a need to focus on the big stock of old buildings, owned predominantly by elderly and low-income people without financial possibilities to

¹⁰ Ibid.

¹¹ The NECP states that the energy agreement from June 2018 includes measures to improve the use of data and digitalisation to promote energy efficiency. Special emphasis is put on using data to improve the quality and use of the Energy Performance Certificates, which are produced in accordance with the Directive Energy Performance of Buildings Directive.



renovate the dwellings. An Energy Efficiency Obligation Scheme (EEOS) has also been recently put in place¹², and people are not yet accustomed to be approached by energy companies with the aim of saving energy. The role of energy cooperatives shall be increased in the future, with a supportive framework having been put in place. These cooperatives will be able to use the produced energy for their own benefit or use it through the net metering model.

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Odyssee-Mure (2019), [Country profile - Greece](#)

Ireland: economy first, and the intention to build an offer for renovation

The Irish targets provided in the national plan are the result of macro-economic modelling and bottom-up assessment of policy potentials¹³. Economic growth in Ireland is still linked to energy demand, especially in the transport and industry sectors. Furthermore, data centres will significantly increase the demand for electricity, jeopardising the achievement of the renewable and efficiency targets for 2020 and lowering the appetite for an ambitious 2030 target which contributes to reaching the EU's headline target of 32.5%. For the moment there are no measures foreseen to improve energy efficiency in these sectors.

The energy efficiency first principle triggered a debate in Ireland. It helped bring together different ministries and departments. There was a new round of conversations and interactions between demand reduction and the supply side. Their common understanding was that every solution needs to be pushed to its maximum to deal with climate change, energy efficiency first does not suggest a competition. Some stakeholders are nevertheless questioning the cost-effectiveness of energy efficiency measures, and their ability to deliver rapidly.

Ireland can build on several programmes, including in the area of building renovation. But an offer for renovation needs to emerge, and Ireland is working on one-stop shop concepts. Since the interview, the Irish government has published a Climate Action Plan¹⁴. It includes the delivery of a new Retrofit Plan for 500,000 homes (retrofitting large groups of houses by the same contractor in order to reduce costs) smart finance and easy pay back methods.

¹² The European Commission's analysis shows Greece is lagging behind in terms of achieved savings for 2016 (55% of required savings was achieved).

¹³ The energy savings target in the NECP is set following the method in the Energy Services Directive.

¹⁴ More information: <https://www.dccae.gov.ie/en-ie/climate-action/topics/climate-action-plan/Pages/climate-action.aspx>



The plan also foresees an increase in the number of Sustainable Energy Communities to 1,500.

More information and links

Ireland (2018), [Annual Report on the progress made towards achieving the national energy efficiency targets 2018](#)

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Odyssee-Mure (2019), [Country profile – Ireland](#)

Italy: already doing enough?

The government liaised with stakeholders in order to get input on the draft NECP. Stakeholders remain though unsatisfied with the NECPs' capacity to cope with the climate crisis. Energy efficiency first was welcomed by the government. However, Italy considers itself as already very ambitious on energy efficiency because it has ranked 2nd place world-wide in the ACEEE report¹⁵.

Regarding measures, CAN Europe reports that monitoring the implementation and effectiveness of current measures is still a challenge, especially in the building sector¹⁶. There is no discussion on CO₂ taxation now, although some time ago there was an idea to apply it on transport. At the moment, there is no political will for it.

Measures in the NECP include: the white certificates scheme; tax deductions for energy-efficient measures and restoration of existing buildings; the "Conto Termico" financial scheme and the National Fund for Energy Efficiency. Italy has also rolled out an information campaign on energy efficiency.

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International Energy Agency (2019), [Policies and Measures – Italy](#)

¹⁵ ACEEE (2018), "The 2018 International Energy Efficiency Scorecard"

¹⁶ CAN Europe (2019), "Time to keep up the pace – Insights into the draft National energy and climate plans"



Italy (2018), [Integrated Energy and Climate Plan](#)

Odyssee-Mure (2019), [Country profile – Italy](#)

Portugal: financing gaps

The upcoming elections in October led to tight and confused schedules for the public consultation and modifications of the draft NECP. A 2050 carbon neutrality roadmap was also presented, although the two plans are not yet consistent.

The government seems to perceive energy efficiency and energy poverty as the most fragile areas of the NECP, on which more work needs to be done. Workshops have been organised on these issues. Stakeholders argue there is a lack of financial support for these two topics. More generally, lack of financial capacity (from the government, private banks) is considered to be a big obstacle for the energy efficiency action, despite the emergence of solutions such as energy efficiency mortgages.

The previous reduction in energy consumption was a result of low income and not energy efficiency measures. The Portuguese economy seems to get back on track, which will affect Portugal's energy consumption. In the past, severe droughts episodes have also affected energy consumption upwards, with an increase in electricity production by coal-fired power plants. The 2030 target set by Portugal in the NECP would allow for an increase in final energy demand.

Energy efficiency first is recognised in the NECP as a principle. The question is now how to implement it. Measures in Portugal include the allocation of carbon revenues to transport policies, including public transport. The requirements to obtain finance for building renovation projects are considered to be too bureaucratic, described like "almost an audit". The European Commission's analysis shows Portugal is lagging behind in terms of Article 7 achieved savings for 2016 (only 38% of required savings was achieved).

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Slovakia: the need for greater coherence in EU fund programming

Civil society was in touch with government officials regarding the NECP, although it remains to be seen how the recommendations will impact the final plan.

There seems to be in Slovakia a focus on the programming of EU funds, especially in regard to the building sector. Nevertheless, stakeholders observe a lack of coherence between the programmes which have different goals and are managed by different ministries. They suggest joining all the programmes under a common goal which could unite them all, and a single management structure. The energy efficiency first principle is recognised but not



yet implemented. An energy efficiency first criterion for operational programmes has been proposed by stakeholders, but was refused by the government. It would have challenged the biomass boiler programme, causing problems of fund absorption.

Slovakia became a leading country on Energy Performance Contracting (EPC), which is now applying the model contracts in line with the methodology promoted by Eurostat. Thanks to it, EPCs will not be included in the public debt anymore, which will increase renovation of public buildings.

Following the election of President Caputova and in view of parliamentary elections due to take place in March 2020, stakeholders expect progress to be achieved, especially on the Energy Performance of Buildings Directive.

More information and links

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