



BRIEFING ON THE ENERGY EFFICIENCY DIRECTIVE REVIEW

January 2018

In November 2016, the European Commission presented its *Clean Energy Package for all Europeans*, which included a proposal to revise the Energy Efficiency Directive (EED). This Directive provides the overarching framework and key provisions to drive energy efficiency actions in the EU for after 2020.

The Council adopted its General Approach in June 2017. If the Energy Ministers' proposals were to be adopted, **post-2020 ambition would be halved** compared to an already inadequate Commission's proposal, therefore undermining the EU's commitments under the Paris Agreement.

On the European Parliament's side, the leading committee (ITRE) voted to substantially strengthen the EED. It is now up to the plenary, expected in January 2018, to adopt its position.

Climate Action Network Europe, the European Environmental Bureau, Friends of the Earth Europe and WWF urge you to vote for a strong EED in plenary. This will ensure a strong negotiating position for the trilogues, to counteract the Council's weak position and achieve the best possible final outcome. Putting energy efficiency at the center of the energy transition is needed for the climate and the well-being of people, as it holds many economic, social and environmental benefits.

A 40% BINDING ENERGY SAVINGS TARGET FOR 2030

In November, the ITRE Committee adopted a **binding energy savings target of at least 40%** for 2030, accompanied by binding national targets, which would halve greenhouse gas emissions, improve energy security, reduce energy bills and energy poverty, create millions of jobs¹ and reduce air pollution, saving hundreds of thousands of lives.² In addition, a binding target ensures commitment, investor certainty and accountability: it is a strong benchmark to assess progress in implementation. A 30% target as proposed by the European Commission would be met with no increase in energy efficiency efforts. This is in contradiction with the need to speed up actions on energy efficiency to meet the Paris commitment.

The benefits of 40%

GHG emissions 	- 47%
Gas imports 	- 40%
Jobs 	4.8 million more jobs
Health impacts 	77 billion Euros saved on health spending

¹ Impact Assessment accompanying the Proposal for a Directive of the European Parliament and of the Council amending Directive 2012/27/EU, Brussels 30.11.2016, SWD (2016) 405 final.

² Illustration: compared to the benefits delivered under a level of ambition of 27% energy savings

THE ENERGY SAVINGS OBLIGATION (ARTICLE 7): A KEY DELIVERY MECHANISM

The annual energy savings requirement (Article 7 of the EED) is meant to deliver more than half of the savings in the current framework. It facilitates national action and increases market opportunities and investments for energy efficiency. It was put in place to accelerate the implementation of measures, such as home insulation, double-glazed windows, more efficient appliances and heating systems.

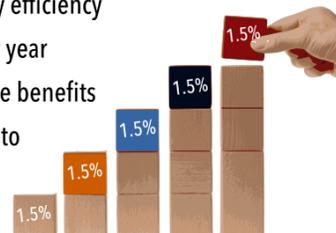
Unfortunately, Member States are allowed to use different loopholes to reduce the energy savings to be delivered. It has been estimated that the overall impact of these loopholes reduces the average savings by around a half³, from 1.5% to only 0.75% end-use energy savings per year. Also, as the EED stands, the requirements of Article 7 will only remain in force until 2020.

The ITRE Committee rightly supported the Commission's proposal to extend the implementation of the energy savings obligation after 2020 and strengthened this important delivery tool, by addressing its loopholes.

BUILDING ON PROGRESS

The importance of a strong Article 7

1. Key delivery mechanism of the EED
2. Drives new energy efficiency instruments every year
3. Crucial to bring the benefits of energy savings to consumers



THE SUPPORT OF THE EUROPEAN PARLIAMENT IS CRUCIAL

Overall, the EED review is a great opportunity to build on lessons learnt from its implementation and to address some of its current weaknesses. A strengthened EED will offer multiple benefits such as greenhouse gas emission reductions, job creation, lower energy bills and improved health.

In more detail, the NGOs urge MEPs to:

- **Support** a binding 40% energy efficiency target, with binding national targets for 2030
- **Support** the extension of the energy savings obligation beyond 2020
- **Eliminate** the loopholes that reduce the ambition of the energy savings obligation:
 - Include the transport energy use in the calculation of the 1,5% annual savings objective,
 - Remove the exemptions that weaken the impact of the obligation, such as those that allow counting energy savings from actions implemented before 2014 and treating the energy sold to ETS industries as energy savings.

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³ Rosenow, J., Leguijt, C., Pato, Z., Fawcett, T., Eyre, N. (2016): An ex-ante evaluation of the EU Energy Efficiency Directive - Article 7. Economics of Energy & Environmental Policy 5(2), p. 45-63