

Getting the Energy Efficiency Directive (EED) to the finish line

In view of the fourth EED trilogue on May 30, this briefing summarises the key issues to watch out for during the final stage of the interinstitutional negotiations.

1. EU 2030 energy efficiency target

In June 2017, EU Ministers adopted an insufficient 30% energy efficiency target for 2030 and refrained from specifying whether it should be indicative or binding. However, seven member states signed a [statement](#) asking for more ambition in the margins of the Council (France, Germany, Sweden, Portugal, Denmark, Luxembourg and Ireland). All these countries also consider a binding target a priority. In addition, Sweden and France have revised their position and now support a binding 35% target at EU level.

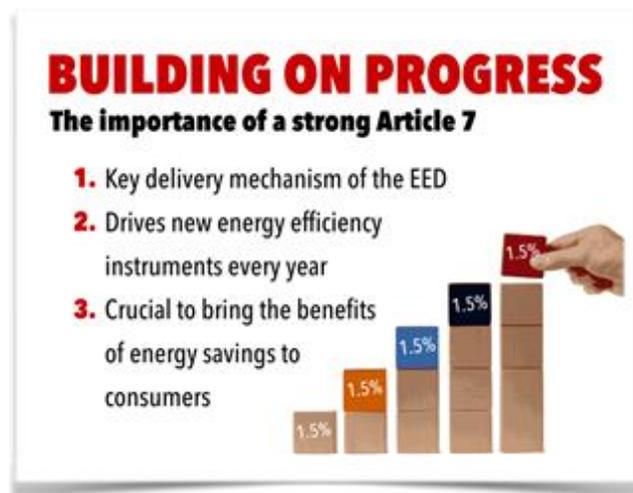
This May, EU Member States gave a mandate to the Bulgarian Presidency to explore the possibility of a higher target than 30%. Although it is encouraging to see that the Council is starting to consider an increase of the overall ambition, this is nowhere near to what is needed to reach the EU's commitments under the Paris Agreement. The full potential to maximise the benefits for citizens and society is at "at least" 40% energy efficiency.

Furthermore, it is now clear that higher ambition comes at lower costs than initially estimated by the European Commission. A recent [ecee briefing](#) shows that the investment costs for energy efficiency are overestimated as the discount rate applied in the Commission's Impact Assessment is largely above the discount rate currently used by the Member States.

Energy savings obligation (Article 7)

Article 7 should deliver annual energy savings of 1.5%. However, the Council's General Approach reduces the overall level of ambition by two thirds to around [0.4%](#), due to new loopholes weakening its effectiveness.

The energy savings delivered through the obligation depend on many elements that fit together like a puzzle. It is crucial to have a holistic approach in the negotiations on Article 7, as a decision on one piece could impact the rest of the elements and overall ambition. The table below lists some of those positive and negative elements under discussion in the fourth trilogue that have a crucial impact on overall ambition.



Elements that boost Article 7 ambition

Include transport energy use within the calculations of the 1.5% objective for the period(s) after 2020 (European Parliament): This encourages modal shift and cleaner transport modes in line with growing health concerns linked to air pollution.

Extend the implementation of the energy savings obligation beyond 2030 (Commission and European Parliament): It gives assurances to investors and businesses that market opportunities for energy efficiency created under the energy savings obligations will continue in the longer term.

Ensure that savings are cumulative from one period to the next (European Parliament): Cumulation of savings between periods guarantees that implemented measures with a long term effect (e.g. buildings' renovations) are properly rewarded.

Preserve the integrity of calculation methods in Annex V (Commission and European Parliament): Robust energy savings calculation methods safeguard the credibility of implementation and ensure that technical details do not become statistical tricks to lower ambition.

Ensure action on energy poverty within the energy savings obligation (Commission and European Parliament): This calls for a share of savings to target households in energy poverty, ensuring no one will be left behind in Article 7 implementation.

Elements that weaken Article 7

The increase of the level of exemptions from to 25% to 35% after 2020 (Council): It reduces significantly the overall ambition; therefore, the lowest possible level of exemptions should be retained.

The reduction of the 1.5% annual objective to 1% after 2025 (Council): This proposal sends the wrong signal that energy efficiency measures can be slowed down after 2025.

The carry-over of excess of savings achieved in the current period (2014-2020) to the next period (Council): It allows Member States to use any surplus of savings of this period to meet the requirements of the obligation in the next period without any limitation. This would put at risk the implementation of new actions.

Counting savings from new buildings in compliance with buildings codes established prior to the 2010 recast of the Energy Performance of Buildings Directive, EPBD (Council): This disregards the EPBD as the main EU legislation on new building standards, and would allow energy savings that happen anyway to count as additional.

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