



Proposal for a Directive on energy end-use efficiency and energy services

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Background

- Demand management essential element for security of supply and for the EU CO₂ abatement programme (Kyoto targets).
- A large energy savings potential remains in all end-use sectors (around 20% in economic conditions).
- Demand-side efficiency promotion and harmonisation are not fully addressed in Internal Market Directives, a complement is needed.
- The proposal is an umbrella for existing and proposed energy efficiency Directives (e.g. EPBD, EUP, CHP).



Legal base in Treaty

- Legal basis for the proposed Directive is Art. 175 (1) Environmental Protection.
- The Directive will also promote the harmonisation and completion of the internal market for energy by developing the market for energy efficiency and energy services.



Objectives

- To promote cost-effective energy efficiency using targets, mechanisms, incentives and institutional, financial and legal frameworks to remove market barriers and imperfections.
- To develop and transform the energy efficiency market into a commercially viable and self-sustaining market.
- To develop a market for integrated energy services (energy + technology).



Scope

- All major energy suppliers (distributors and/or retailers) of: electricity, gas, district heating and cooling, heating oil, coal, lignite, transport fuels, forestry and agricultural energy products and waste (MS may exclude small companies).
- End-use sectors include:
 - domestic, agricultural, public and tertiary sector
 - non-energy intensive industries
 - transport (excl. aviation and foreign shipping)



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- 1 % annual overall target (Article 4):
 - cumulative to 2012, maximum of 6 years
 - the target is absolute and fixed for the entire period, thus independent of GDP and trend in energy use
 - impact of measures from 1991 may be included
 - allows for effects of information, energy advisors, improved building codes, tax changes, if measurable
 - annexes with methodology and examples
 - appointment of independent public sector bodies to oversee framework for reaching targets
 - “white certificates” for energy efficiency later?
- Measurement discussions: need to simplify; may use Indicators.



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- 1,5 % annual public sector target (Article 5):
 - a sub-target of the overall 1 % target
 - uses same calculation methodology and conditions as the overall target
 - designed to promote the use and power of aggregated public procurement to increase the demand for energy-efficient technologies and energy services in a more predictable market
 - encourages the development and use of public procurement guidelines



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- Obligation for energy distribution and/or retail energy sales companies (Article 6): (compromise)
 - concerns integrated energy services; concerns (only) electricity, gas, district heating and heating oil
 - requires Member States to remove market barriers and ensure the active offering and promotion of these services to customers (by the companies or by others)
 - if 5 % of customers are not covered by energy services, free energy audits will be made available
 - information will be provided to public authorities for the promotion of energy services and efficiency



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- Qualification, certification and accreditation of energy service providers (Article 8):
 - requires Member State schemes to ensure technical competence of energy service providers and mutual recognition
- Financial instruments (Article 9):
 - provides for the availability of third-party financing, energy performance and similar instruments and for model contracts



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- Tariffs and regulations for net-bound energy (Article 10):
 - requires regulating authorities of monopoly segments of distribution networks to ensure that tariffs do not encourage increased volume
 - allows distribution companies to recover costs by inclusion in their tariffs, if appropriate and reasonable and if fair and equal competition can be ensured
- (District heating/cooling may require special treatment.)



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- Provision for Member State's financing of energy efficiency programmes, measures, ESCOs etc. (Article 11): (may)
- - allows promoting programmes if open to all qualified providers of energy services, energy efficiency programmes and other measures, without prejudice to State Aid rules
- Energy audits (Article 12):
 - requires Member States to ensure the wide availability of independent audit schemes



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- Metering and informative billing of energy consumption (Article 13):
 - requires Member States to ensure accurate metering of net-bound energy, reflecting time of use and actual consumption; (District heating/cooling special.)
 - requires M.S. to ensure frequent and informative billing, together with information on normalised use, environmental impacts and contact information on available energy services, programmes and measures. Branch organisations may assist.



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- Reporting (Article 14):
 - sets reporting requirements for Member States not later than 2 years after adoption of the Directive and every 3 years thereafter up to 2012
 - requires the Commission to report on progress toward achieving national targets
- Transposition (Article 16):
 - transposition by Member States of this Directive into national laws and provisions by June 2006



Conclusion

- The proposal is part of a wider energy package, fitting into a wider energy efficiency internal market development context.
- Discussions are on-going in the Council & in the E.P.
- Public Hearing & Working Doc. presented in E.P.
- E. P. & Council positive reception thus far.
- 1st reading in E.P. postponed to September 2004 because of election and enlargement.
- Final adoption – spring or summer 2005?



ANY MEMBER STATE DECISION MADE							
INITIATIVE		SUPPLY		DEMAND			TOTAL
TARGET	NAME	SUPPLY		BUILDINGS (M%)	INDUSTRY (N%)	TRANSPORT (O%)	TOTAL
A%	WHITE BOOK ON RES	a%		b%	c%	d%	A%=(a+b+c+d)%
B%	ACTION PLAN FOR EE			e%	f%	g%	B%=(e+f+g)%
C%	RES-ELECTRICITY	h%		i%	j%	k%	C%=(h+i+j+k)%
D%	PERFORM. OF BUILDINGS			l%	m%	n%	D%=(l+m+n)%
E%	APPLIANCES			o%	p%	q%	E%=(o+p+q)%
F%	ECO-DESIGN			r%	s%	t%	F%=(r+s+t)%
G%	COGENERATION	u%		v%	x%		G%=(u+v+x)%
H%	BIOFUELS	y%		z%	aa%	ab%	H%=(y+z+aa+ab)%
I%	GREEN LIGHTING			ac%	ad%	ae%	I%=(ac+ad+ae)%
J%	STAR	af%		ag%	ah%	ai%	J%=(af+ag+ah+ai)%
K%	ENERGY SERVICES			aj%	ak%	al%	K%=(aj+ak+al)%
		L=(a+h+u+y+af)%		M=(b+e+i+o+r+v+z+ac+ag+aj)%	N=(c+f+j+m+p+s+x+aa+ad+ah+ak)%	O=(d+g+k+n+q+t+ab+ae+ai+al)%	
(A+B+C+D+E+F+G+H+I+J+K)% = (L+M+N+O)% = KYOTO OBJECTIVES AND OTHER							

HOW THE ENERGY SERVICES CONCEPT PLAYS ITS ROLE?

