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Subject:	Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Directive 2012/27/EU on energy efficiency - General approach

Delegations will find attached the final Presidency compromise circulated at the TTE (Energy)
Council on 26 June 2017 on the above-mentioned proposal.

NEW Presidency compromise proposal on Energy Efficiency

(1) In Article 1, paragraph 1 is replaced by the following:

‘1. This Directive establishes a common framework of measures to promote energy efficiency within the Union in order to ensure that the Union’s 2020 20 % headline targets and its 2030 **30% binding** headline targets on energy efficiency are met and paves the way for further energy efficiency improvements beyond those dates. It lays down rules designed to remove barriers in the energy market and overcome market failures that impede efficiency in the supply and use of energy, and provides for the establishment of indicative national energy efficiency targets and contributions for 2020 and 2030.’;

(2) Article 7 is replaced by the following:

‘Article 7

Energy savings obligation

1. Member States shall achieve cumulative end-use energy savings at least equivalent to:
 - (a) new savings each year from 1 January 2014 to 31 December 2020 of 1.5 % of annual energy sales to final customers by volume, averaged over the most recent three-year period prior to 1 January 2013;
 - (b) new savings each year
 - from 1 January 2021 to 31 December-2030 **2025 of** 1.5 % of annual energy sales to final customers by volume, averaged over the most recent three-year period prior to 1 January ~~2020~~ **2019**;

- from 1 January 2026 to 31 December 2030 of 1.0 % of annual energy sales to final customers by volume, averaged over the most recent three-year period prior to 1 January 2019.

By derogation, small insular Member States shall achieve new savings each year from 1 January 2021 to 31 December 2030 equivalent to 0.8% of annual energy sales to final customers by volume, averaged over the most recent three-year period prior to 1 January 2019.

For the purposes of point (b), and without prejudice to paragraphs 2 and 3, Member States may count energy savings that stem from policy measures, **whether introduced after 31 December 2020 or before,** provided that those measures result in

~~(i) new individual actions that are undertaken after 31 December 2020;~~

~~(ii) individual actions undertaken after 1 January 2014 and before 31 December 2020 with lifetimes of 23 years or more.~~

The sales of energy, by volume, used in transport may be partially or fully excluded from these calculations.

Member States shall decide how the calculated quantity of new savings is to be phased over each period referred to in points (a) and (b) as long as the required total cumulative savings have been achieved by the end of each period.

2. Subject to paragraph 3, each Member State may:

- (a) carry out the calculation required by point (a) of paragraph 1 using values of 1 % in 2014 and 2015; 1.25 % in 2016 and 2017; and 1.5 % in 2018, 2019 and 2020;
- (b) exclude from the calculation all or part of the sales, by volume, of energy used in industrial activities listed in Annex I to Directive 2003/87/EC;

- (c) allow energy savings achieved in the energy transformation, distribution and transmission sectors, including efficient district heating and cooling infrastructure, as a result of implementing the requirements set out in Article 14(4), point (b) of Article 14(5) and Article 15(1) to (6) and (9), to be counted towards the amount of energy savings required under paragraph 1;
- (d) count energy savings resulting from individual actions newly implemented since 31 December 2008 that continue to have an impact in 2020 and beyond and which can be measured and verified, towards the amount of energy savings referred to in paragraph 1;
- (e) count energy savings that stem from policy measures provided it can be demonstrated that those measures result in individual actions undertaken after 1 January 2018 and before 31 December 2020 which deliver savings after 31 December 2020.**
- (f) exclude from the calculation of the energy savings requirement referred to in paragraph 1, 30% of the verifiable amount of energy generated on or in buildings for own use as a result of policy measures promoting new installation of renewable energy technologies.**

3. All the options chosen under paragraph 2 taken together must amount to no more than ~~25%~~ **35%** of the amount of energy savings referred to in paragraph 1. Member States shall apply and calculate the effect of the options chosen for the periods referred to in points (a) and (b) of paragraph 1 separately:

- (a) for the calculation of the amount of energy savings required for the period referred to in point (a) of paragraph 1 Member States may make use of points (a), (b), (c) and (d) of paragraph 2;

- (b) for the calculation of the amount of energy savings required for the period referred to in point (b) of paragraph 1 Member States may make use of points (b), (c) and (d) of paragraph 2, provided individual actions in the meaning of point (d) continue to have a verifiable and measurable impact after 31 December 2020.
4. Energy savings achieved after 31 December 2020 may not count towards the cumulative savings amount required for the period from 1 January 2014 to 31 December 2020.
- 4a. Member States that exceed the cumulative energy savings amount required from 1 January 2014 to 31 December 2020 may count any excess savings towards the cumulative energy savings amount required for the period to 31 December 2030.
- 4b. Member States may allow obligated parties to count savings obtained in a given year as if they had instead been obtained in any of the four previous or three following years as long as this is not beyond the end of the obligation periods set out in paragraph 1, **provided that excess energy savings obtained from 1 January 2014 to 31 December 2020 may count towards the fulfilment of obligations between 1 January 2021 to 31 December 2030.**
5. Member States shall ensure that savings resulting from policy measures referred to in Articles 7a and 7b and Article 20(6) are calculated in accordance with Annex V.
6. Member States shall achieve the required amount of savings under paragraph 1 either by establishing an energy efficiency obligation scheme referred to in Article 7a or by adopting alternative measures referred to in Article 7b. Member States may combine an energy efficiency obligation scheme with alternative policy measures.

- 6a. In designing policy measures referred to in Article 7a and 7b, Member States shall take into account the need to alleviate energy poverty, in accordance with the criteria defined by Member States and taking into account their existing practices in this field.¹;
7. Member States shall demonstrate that where there is an overlap in the impact of policy measures or individual actions, there is no double counting of energy savings.’;
8. By 30 June 2024, the Commission shall assess progress achieved towards the headline targets set out in Article 3(4) and whether in the light of this assessment the value laid down in **the second indent of** paragraph 1(b) should be ~~reduced~~ **increased up to 1.5%** for the period from 2026-2030. If appropriate, the Commission shall submit a legislative proposal to this end.

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Recital 7bis linked to the derogation for small insular Member States

"It would however be disproportionate to impose such a requirement on small insular Member States. The energy market of those Member States indeed exhibits specific characteristics which substantially limit the range of measures available to meet the energy savings obligation, such as the existence of a single electricity distributor, the absence of natural gas networks and of district heating and cooling networks, as well as the small size of petroleum distribution companies. Those specific characteristics are compounded by the small size of the energy market of those Member States. Therefore, the small insular Member States should only be required to achieve a cumulative end-use savings requirement equivalent to 0.8% of annual energy sales for the period 2021-2030."

¹ Subject to the outcome of the discussions on Directive [XXXX] on common rules for the internal market in electricity, Article 29 of that Directive may be cross-referenced.

- (b) Annex V is replaced by the following:

‘Annex V

Common methods and principles for calculating the impact of energy efficiency obligation schemes or other policy measures under Articles 7(1) and (2), Articles 7a and 7b and Article 20(6):

2. In determining the energy savings for an energy efficiency measure for the purposes of Articles 7(1) and (2), Articles 7a and 7b and Article 20(6) the following principles apply:

(...)

- (d) policies which aim at encouraging higher energy efficiency of products, equipment, buildings and building elements, processes or markets are permitted;

(dd) energy savings resulting from policy measures promoting the installation of small-scale renewable energy technologies on or in buildings are eligible, and can be taken into account towards the fulfilment of energy savings requirements under Article 7(1), in so far as these contribute towards a reduction in energy sales to final customers in the building and to the extent of the volume of primary energy saved. **In addition, in the case of policy measures introduced for the purposes of Article 7(1)(b), a maximum of 15% of the renewable energy generated in or on buildings for own use can also be taken into account. In both cases** The calculation of savings ~~complies~~ **shall comply** with the requirements of this Annex.
