



Council of the European Union
General Secretariat

Brussels, 24 February 2017

WK 2111/2017 INIT

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CONTRIBUTION

From:	General Secretariat of the Council
To:	Working Party on Energy
Subject:	SE comments on EED proposal

Delegations will find in annex the SE comments on the Energy Efficiency Directive.

Sweden's comments to the Commission's proposal for a directive amending EED

Overall views

SE welcomes the revision of EED. Increased ambition on energy efficiency is needed since it contributes to achieve EU long-term climate targets and to increased security of supply and competitiveness. The revision should at the same time focus on making the provisions more coherent, effective and efficient. Overlaps between directives should be avoided, as should provisions that discourage energy efficiency when implemented nationally. Sweden advocates a robust governance system of the Energy Union geared toward the 2030 targets and believes that EU energy efficiency legislation should be designed from a holistic perspective, taking into account national differences both in terms of policy instruments and energy systems. A better and simpler regulation can create greater flexibility for MS to adopt policies and measures that fit the national context. EU legislation should facilitate for EU's energy efficiency target to be achieved in the most cost effective manner possible.

SE has a general scrutiny reservation on the entire proposal, but would like to give the following preliminary comments and proposals for amendments.

Specific views

Energy efficiency targets and governance (Articles 1 and 3)

SE supports increasing the energy efficiency target to a level of at least 30 % by 2030, and that the target is made binding on EU level. Given the Paris Agreement, SE considers that the 2030 energy and climate framework should be implemented in a way that creates a strong incentive for the energy transition across the EU.

SE supports the Presidency's approach to discuss the provisions in the Governance regulation that are linked to the EU target and national contributions together with the EED. It will help ensure consistency between these two legal acts.

SE supports COM's proposal that MS shall put forward indicative national contributions to the 2030 target, and welcomes that the national contributions to 2030 should be formulated taking into account the same consideration as when MS adopted indicative national targets for 2020 (e.g. national energy mix, GDP-development). However, it should also be clarified that these contributions, just like the indicative national targets for 2020, can be formulated in different ways (i.e., focusing on the primary or final energy consumption, primary or final energy savings, or energy intensity). SE supports that MS are obliged to translate their national contributions into absolute levels of primary or final energy.

Energy savings obligations (Article 7, 7a, 7b and Annex V)

SE is in favour of extending the provisions on energy efficiency obligations, but questions the proportionality in requiring the same energy savings rate for all MS, although MS are at different stages, and thus the conditions for finding cost-effective measures differ. This will reduce the possibility to reach the EU 2030 target in the most cost-effective and cost-efficient manner.

SE argues that it's important that provisions on energy savings obligations do not restrict MS from adopting policies and measures that are needed to handle national energy efficiency

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needs and challenges, or vice versa impose adoption of policies and measures that are not needed to handle national energy efficiency needs and challenges.

SE further considers it important that the provisions do not restrict or reduce the incentives for actors to take measures, in the current period (2014–2020) or the next period (2021–2030), that have long-lasting effects on cumulative energy savings, e.g. energy-efficiency renovation of buildings, or measures that contribute positively to the energy transition. There are currently some draft provisions in Art 7(2) and 7(3) restricting or reducing such incentives, e.g. limited crediting of:

- long-lasting effects of measures undertaken in the period 2014–2020,
- on-site renewable electricity/heat,
- highly efficient district heating/cooling and co-generation.

SE considers that alleviation of energy poverty is an issue of social policy, as is other kinds of poverty alleviation, and that EED shall not include general and mandatory provisions. SE thus suggests that Art 7a(5) point (b) and Art 7b(2) are amended by changing “shall” to “may”.

SE is concerned that several requirements in Annex V (e.g., paragraph 2, 2e, 3h) on how the energy savings of various policies and measures shall be determined will result in significantly increased administration and thus costs, not proportionate to the benefits.

As for the determination of energy savings from taxation, SE suggests that it is made clear in Annex V, paragraph 4b that “*price elasticities for the calculation of the impact of the (energy) taxation measures must represent the short and long term responsiveness of energy demand to price changes, and shall be estimated on the basis of recent and representative official data sources;*”.

Finally, MS should be given enough time to develop their plans for how to implement Article 7 for the 2021–2030 period, particularly since some may consider to develop and adopt new policies and measures as compared to the 2014–2020 period. Thus, SE suggests that Annex V, paragraph 5 is amended as follows:

“Member States shall ~~in accordance with the future legislative proposal on Energy Union Governance~~ no later than 1 January 2020 notify to the Commission their proposed detailed methodology for the operation of the energy efficiency obligation schemes and alternative measures referred to in Articles 7a and 7b and Article 20(6). [...]”

Energy audits (Article 8)

SE has, together with several MS, suggested that Article 8, particularly provisions on energy audits in large enterprises, should be included in the review of EED. If there is no unanimity for this suggestion in the Council (working party), SE is willing to work in line with COM’s proposal as of 14 February 2017, with MS and COM in the EED Committee to find a solution to the problem by amending the COM guidance note (SWD) on implementation of Article 8.

Individual metering and billing (Articles 9–11, 9a–11a, Annex VIIa)

SE welcomes COM’s proposal to distinguish provisions for individual meter and billing (IMB) of electricity, gas and thermal energy respectively. SE supports a move of such provisions for electricity to the electricity market legislation.

SE agrees that it is important that tenants and residents in buildings with several apartments get information on what they can do to reduce the use of thermal energy. SE argues, however,

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that provisions on IMB, should not take a general precedence over other measures to increase the energy performance of buildings when other measures are more cost-effective. The potential contribution from occupants of multifamily and multipurpose buildings to reduce energy use in the buildings sector must be seen in relation to the potential contribution of property owners. IMB must not be separated from the overall issue of how to improve energy performance of buildings.

Installing IMB of thermal energy in Sweden and some other MS would, no matter if it is deemed cost-effective or not, imply a shift from gross rent to net rent, which significantly reduce the incentives for property owners to invest in energy efficiency renovations. The situation is similar in buildings that are cooperatively owned by the occupants, where occupants pay a gross charge (that includes costs for heating, cooling and tap water). The property owner will continue to bear the responsibility and costs of technical energy efficiency measures, e.g. the insulation, installing building automation control systems for optimising the heating system, but loses the revenue (the value of the future energy saving), which instead benefits the occupants. Thus the property owner will no longer have an economic incentive to implement energy efficiency renovations. The occupants, on the other hand, would have increased incentives to save energy by changing behaviour as this can result in lower energy costs. However, the potential for cost-effective energy savings from behavioural changes is much lower than the potential for cost-effective energy savings from energy efficiency renovations. A major reason why gross rent/charge is used is to safeguard minimum standards for occupants and to avoid energy poverty. As such, it serves a fundamental role in MS housing policy and housing related social policy, policy areas where national competence prevails.

In order to come to grips with the perverse incentives introduced by the current as well as proposed provisions on IMB of thermal energy, SE proposes that the proposed Article 9a is amended by adding proportionality as a condition to be met in addition to technical feasibility and cost-efficiency for individual meters to be installed in existing buildings (see annex). SE considers that these three conditions shall be met also for installing individual meters in new buildings and buildings that undergo major renovations. SE is hesitant to the interpretation proposed in recital (14) that “final customer” is equal to “final user” when it comes to thermal energy.

SE considers that the information requirements in relation to invoicing proposed in Art. 10a must be coordinated with similar requirements in Art. 24 of the proposed recast of the Renewables Directive. SE does not consider it reasonable to impose requirements on energy companies to provide information to households (final users) unless they have a contractual relationship with them.

Primary energy factor (Annex IV)

SE supports COM's proposal.

Other provisions

SE supports COM's proposal for amendments of Articles 15 and 23. SE supports COM's proposal to introduce a general review clause for the entire EED in Art 24. However, the date for such a review must fit with other reviews of the Energy Union, and not the least the review cycles of the Paris Agreement.

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Regarding the time for transposition of the revised EED, SE considers 12 months to be too ambitious. As for Articles 7, 7a and 7b, deadline for notification should be set to 1 January 2020 to give MS that so wish to adopt new or developed policies and measures.

Stockholm

24 March 2017

Annex.

Article 9a

Metering, sub-metering and cost allocation for heating and cooling and domestic hot water

1. Member States shall ensure that final customers for district heating, district cooling and domestic hot water are provided with competitively priced meters that accurately reflect the final customer's actual energy consumption and that provide information on actual time of use.

Where heating and cooling or hot water are supplied to a building from a central source servicing multiple buildings or from district heating and cooling network, a heat or hot water meter shall always be installed at the heating exchanger or point of delivery.

2. In multi-apartment and multi-purpose buildings with a central heating or cooling source or supplied from district heating and cooling systems, individual meters shall be installed to measure the consumption of heat or cooling or hot water for each building unit if technically feasible and cost-efficient, as well as proportionate in relation to the overall improvement of the energy performance of the building as defined in Directive 2010/31/EU (EPBD).

Where the use of individual meters is not technically feasible or where it is not cost-efficient or not proportionate to measure heating or cooling in each building unit, individual heat cost allocators shall be used to measure energy consumption at each radiator or cooling unit unless it is shown by the Member State in question that the installation of such heat cost allocators would not be cost efficient. In those cases, alternative cost-efficient methods of heat consumption measurement may be considered. The conditions of technical feasibility, and cost effectiveness and non-proportionality shall be clearly set out and published by each Member State.

Where a new connection to a district heating and cooling network is made in new buildings or when a building or building unit undergoes major renovation, as set out in Directive 2010/31/EU, or an existing meter is replaced, individual meters shall ~~always~~ be provided if technically feasible and cost-efficient, as well as proportionate in relation to the overall improvement of the energy performance of the building as defined in Directive 2010/31/EU (EPBD).

3. Where multi-apartment and multi-purpose buildings are supplied from district heating or cooling, or where own common heating or cooling systems for such buildings are prevalent, Member States ~~shall~~ may introduce transparent rules on the allocation of the cost of heating, cooling and hot water consumption in such buildings to ensure transparency and accuracy of accounting for individual consumption. ~~including~~ Where appropriate, such rules shall include guidelines on the way to allocate costs for heat and/or hot water that is used as follows:

- (a) hot water for domestic needs;
- (b) heat radiated from the building installation and for the purpose of heating the common areas (where staircases and corridors are equipped with radiators);
- (c) for the purpose of heating or cooling apartments.

Comment [FvM1]: The editorial amendment proposed by the COM would in effect remove the conditions for individual meters of cooling and hot water. Thus, the conditions should be inserted also here.

Comment [FvM2]: Cooling cannot be measured with a heat cost allocator.

Comment [FvM3]: COM has presented no justification to amend this text as compared to EED Art 9.3. Thus, it is suggested to "re-insert" the original text.