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### WORKING PAPER

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#### **CONTRIBUTION**

From:	General Secretariat of the Council
To:	Delegations
Subject:	UK comment on the Energy Efficiency Directive.

Delegations will find in Annex the UK comments on the EED proposal.

## **UPDATE OF THE ENERGY EFFICIENCY DIRECTIVE**

### **UK COMMENTS**

**PLEASE NOTE THAT THE UK HOLDS A GENERAL RESERVATION AND A SCRUTINY RESERVATION ON THE ENTIRE PROPOSAL AND THESE COMMENTS ARE PRESENTED WITHOUT PREJUDICE TO ANY SUBSEQUENT POSITIONS TAKEN**

#### **Introduction**

- The UK strongly believes that the update of the Energy Efficiency Directive should reflect the landmark agreement reached at European Council in 2014 that the EU-level energy efficiency target should be indicative and that there should be no binding national targets for energy efficiency post 2020.
- The UK welcomes the aim of clarifying the application of the EED metering and billing provisions to heating and cooling but new requirements must be technically feasible, cost-effective and proportionate to the expected energy savings.
- We look forward to proposals for handling the key interfaces with the governance proposal during these negotiations.

#### **Detailed Comments**

##### **Article 1**

(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~~ 27% indicative 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.’;

*The Directive should adhere to the agreement reached on the 2030 Climate and Energy framework on the nature of post-2020 targets.*

## **Article 7**

Amend Article 7(1)

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;

Member States shall adopt and aim to achieve an overall national indicative energy saving obligation equivalent to:

(b) new savings each year from 1 January 2021 to 31 December 2030 of 1.5 % of annual energy sales to final customers by volume, averaged over the most recent three-year period prior to 1 January 2019.

*The Directive should adhere to the agreement reached on the 2030 Climate and Energy framework that there should be no binding national targets post 2020. **The UK does not believe Article 7 should be rolled forward beyond 2020 but if it is to continue targets should be indicative not binding.** All following comments on Article 7 are without prejudice to that position.*

*The UK maintains a reservation on the level of 1.5% pending further analysis.*

~~Member States shall continue to achieve new annual savings of 1.5% for ten year periods after 2030, unless reviews by the Commission by 2027 and every 10 years thereafter conclude that this is not necessary to achieve the Union's long term energy and climate targets for 2050.~~

By 30 June 2027, the Commission shall submit a report to the European Parliament and the Council on the implementation of Article 7

*The UK does not consider it appropriate at this stage to commit the EU and Member States to obligations out to 2050. A review in 2027 should be basis for any consideration of the future role of Article 7.*

~~For the purposes of point (b), and without prejudice to paragraphs 2 and 3, Member States may count only those energy savings that stem from new policy measures introduced after 31 December 2020 or policy measures introduced during the period from 1 January 2014 to 31 December 2020 provided it can be demonstrated that those measures result in individual actions that are undertaken after 31 December 2020 and deliver savings.~~

*The current draft implies that to count towards the 2030 target, the savings must come from new policies adopted during 2021-30 or from new actions arising from policies introduced from 2014-2020. So new actions arising from policies introduced*

*before 2014 can't count towards the 2030 target even if the new actions take place between 2021-30. The UK opposes this provision as it discriminates against long-standing policies, when in practical terms their longevity is likely to be an indicator of a successful policy. It could also introduce a perverse incentive to game the system by renaming or stopping and then re-introducing policies so as to be able to claim them as "new" policies.*

*The draft also implies that long-term savings from actions taking place before 2021 can't count towards the 2030 target. The UK opposes this provision as acting as a disincentive to install measures prior to 2020 that deliver ongoing savings over their lifetime – for example a long-term measure installed in 2019 will only contribute savings towards a target for 1 year under the current proposal. Long-term savings from early action must be allowed to count towards either the flexibility to reduce the overall target by 25% or toward the energy saving target for 2030 at the discretion of the Member State (though not towards both).*

Amend Article 7(4)

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.~~

Article 7(4) Without prejudice to paragraphs 2 and 3 and 4A, energy savings achieved outside of a period referred to in paragraph 1 may not count towards the cumulative savings amount required for that period.

(4A) Member States may count savings obtained in a given year as if they had instead been obtained in any of the four previous or three following years.

*Reason - To recognise a limited amount of long term savings from measures carried out in the run up to the 2020 deadline. It also permits a limited amount of carry-over of saving into the target period, to prevent long term actions from being delayed while waiting for the target period to start and to recognise early or surplus action. The current EED provides this flexibility for energy efficiency obligation schemes and it should also be permitted for alternative policy measures and for the 2030 target. The amendments to the EED should not remove actions that can currently count towards the 2020 targets.*

### **Article 7b**

Amend Article 7b(2)

2. From 1 January 2021 in designing alternative policy measures to achieve energy savings, Member States shall take into account the effect on households affected by energy poverty where appropriate.

*The requirements to take into account the effects on fuel poor households when designing policy measures cannot be retrospectively applied to policy measures already put in place to meet the 2020 target. In addition, such consideration will not always be appropriate depending on the focus of the policy measure concerned.*

#### **Article 8**

*The UK welcomes the Commission's proposal to address current inconsistencies in implementation of Article 8 of the Directive through an update of the current guidance document.*

#### **Article 9a**

Amend 9a(1)

Member States shall ensure that, in so far as it is technically possible, financially reasonable and proportionate in relation to the potential energy savings, 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.

*The UK considers that there will be limited circumstances when installing individual meters will not be technically possible, financially reasonable, and proportionate in relation to the potential energy savings and the Directive should allow Member States to reflect this when implementing the requirement.*

Amend 9a(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:

- (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.

*The UK considers that this requirement should remain optional to allow Member States to reflect circumstances of national heating markets.*

Amend 9a(4)

For the purposes of this Article, ~~as of 1 January 2020~~ meters and cost allocators on or after 1 January 2020 shall be remotely readable devices subject to the agreement of the final customer

*The UK believes that consumers must have the right to refuse a smart meter for heating and cooling – as is the current situation with smart meters for gas and electricity.*

### **Annex V**

*The UK questions whether it was the intention to apply Annex V (2) and Annex V(3)(g) and(h) to taxation measures as this is not the case in the current Directive ?*

Amend paragraph 2(b):

"(b) savings resulting from the implementation of mandatory Union legislation are considered as savings that would have occurred in any event without the activity of the obligated, participating or entrusted parties and/or implementing authorities, and thus may not be claimed under paragraph 1 of Article 7, except for savings related to the construction of new buildings and the renovation of existing buildings ~~provided the materiality criterion referred to in part 3(h) is ensured~~;

*Reason - new buildings meeting modern energy efficiency standards should be encouraged. To clarify that such savings are permitted. The amendments to the EED should not remove savings that may currently count towards the 2020 targets.*

*Paragraph 3(h) of the new annex V applies to all alternative policy measures for new and existing buildings, and is modified by paragraph 2(b) of the new annex V.*