



Implementation of energy efficiency targets in the Directive on Energy End-Use Efficiency and Energy Services

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Objectives of Directive

- Promotes cost-effective energy efficiency with targets, mechanisms, incentives, institutional, financial & legal frameworks.
- To develop a commercially viable market for energy efficiency & energy services (market transformation).



Scope

- **Covers all energy suppliers (distributors and/or retailers) of: electricity, gas, district heating & cooling, heating oil, coal, lignite, transport fuels, etc. (Small companies may be excluded.)**
- **End-use sectors include:**
 - domestic, agricultural, public and tertiary sectors.
 - non-energy intensive industries
 - transport
 - ET sector excluded (12,000 installations.)



Content on targets 1/2

- 1 % annual overall uniform target (Article 4):
 - cumulative to 2012; 6 years (EP wants 9-yr target; mandatory)
 - target fixed; independent of GDP.
 - early actions (1995) allowed; (1991). Unnecessary with individual targets.
 - top-down allows impacts of market, tax changes; (double-counting a problem).
 - annexes: guidelines on M&V (MS want harmonised top-down/bottom-up and committee) EP: 1yr to negotiate differentiated, then uniform and increasing. Avg 1.3%/yr.)
- “white certificates” later. (Have gained in importance.)



Content on targets 2/2

- 1,5 % annual public sector target (Article 5):
 - a sub-target of the overall 1 % target (PS=10%).
 - uses same methodology as overall target.

 - uses aggregated public procurement to increase demand for energy efficiency & energy services. Leadership by example.
- **Precise definition of "public sector" difficult. M.S. do not want definition or public sector target, but only measures. Possible compromise: strong measures, within overall 1%.**



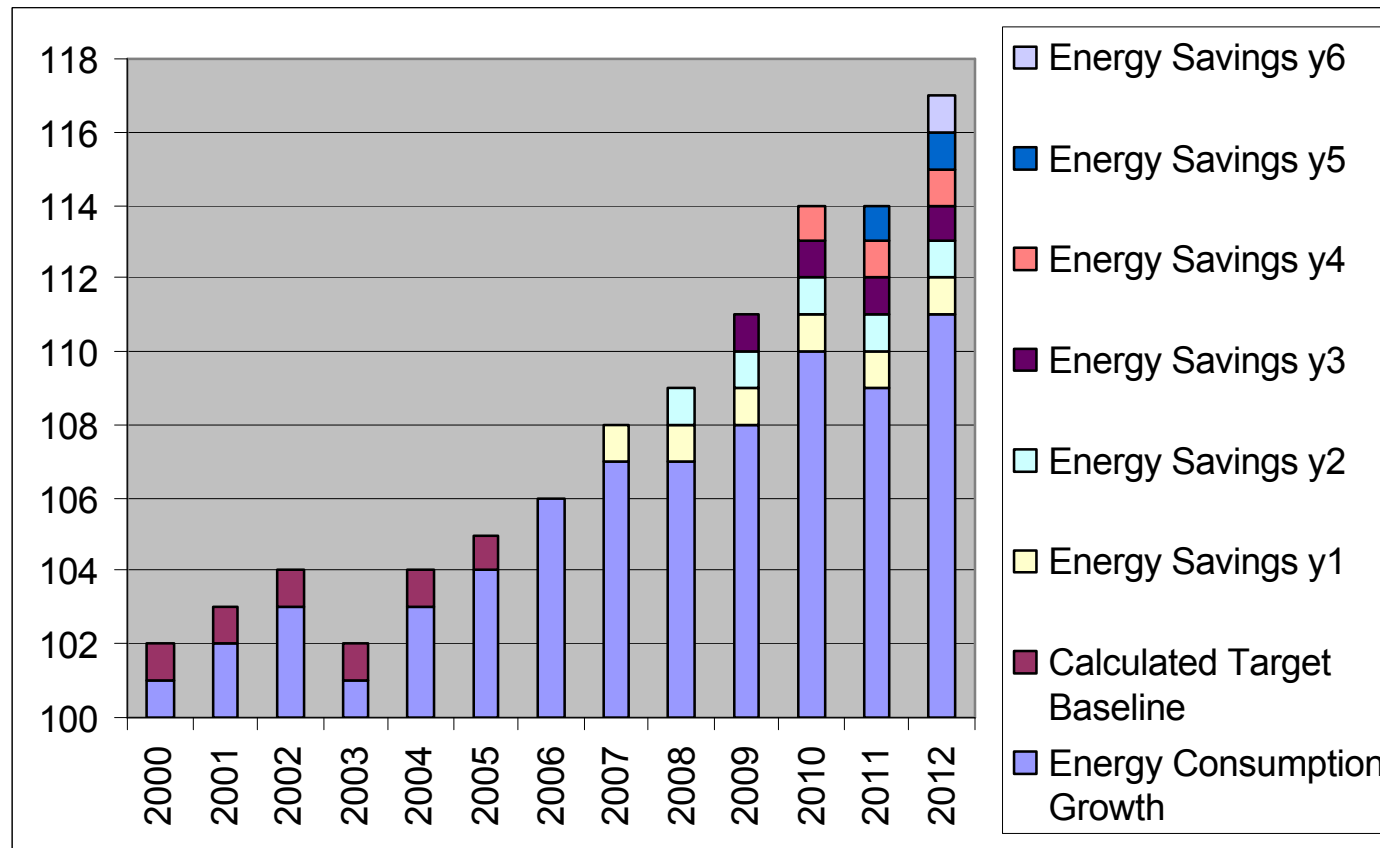
Bottom-up measurements

Harmonised lifetimes of energy efficiency improvement measures
(Some energy measures last decades, others for shorter periods.)

- Loft insulation professional - private 30 years
- Cavity wall insulation - private 40 years
- Glazing E to C rated (in m²) 20 years
- Boilers B to A rated 15 years
- Heating controls - upgrade with boiler replacement 15 years
- CFLs - retail 16 years
- Source: Energy Efficiency Commitment 2005 - 2008, UK

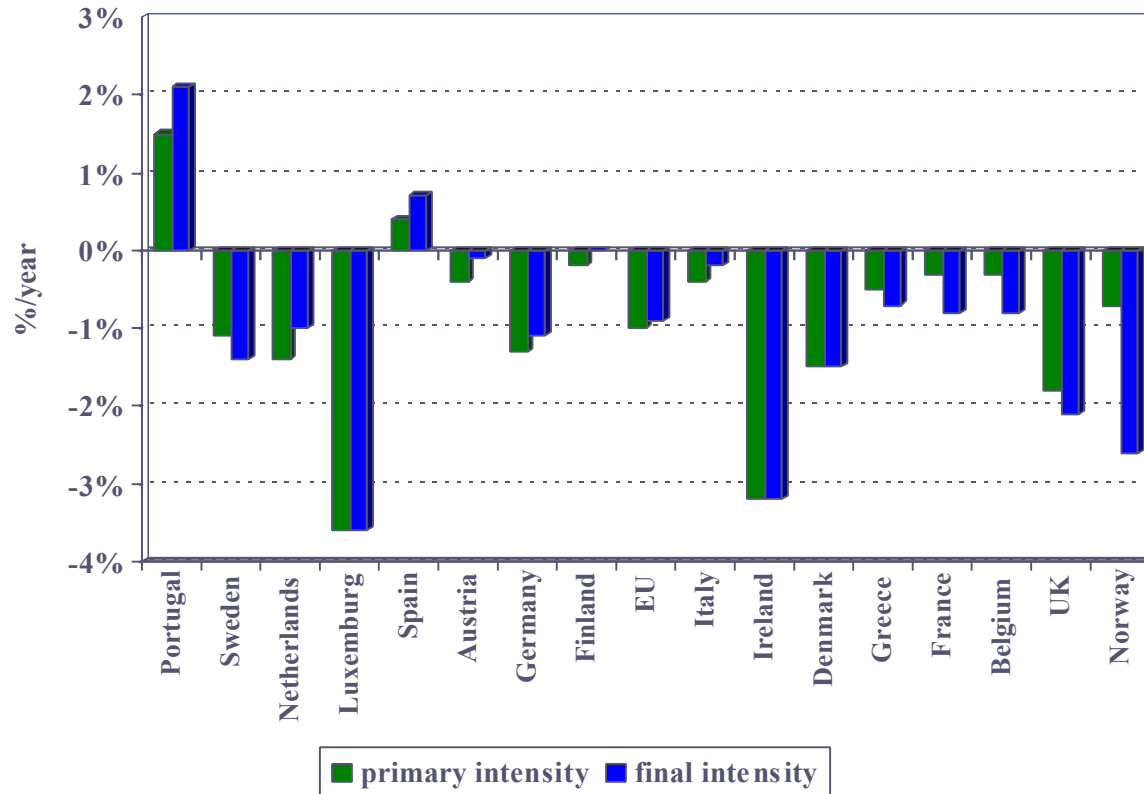


A Cumulative Target: Bottom-up



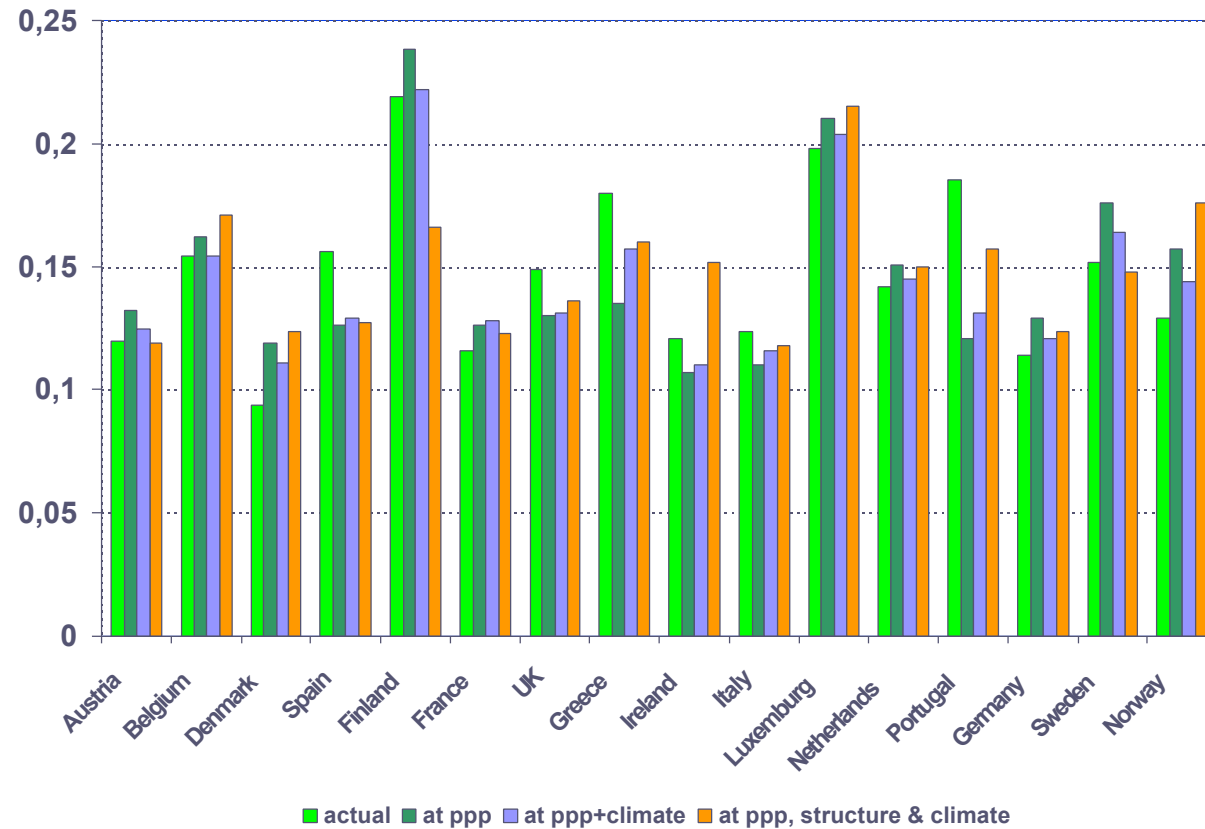


Top-down intensity indicator





Adjusted energy intensity indicators





Benchmarking

- **To establish indicators for all end-use sectors and sub-sectors. (A top-down calculation).**
- **To establish benchmarks to indicate which Member States need to improve and which are above benchmark.**
- **To track changes in intensities in sectors and sub-sectors for monitoring compliance with targets.**
- **Advantage: allows all market and non-market impacts to be credited.**
- **Has been introduced as an amendment by the EP.**



Procedure thus far

- **European Parliament Plenary Vote on 7 June.**
- **Strong support in EP for mandatory target and strong Directive and 2nd reading.**
- **Luxembourg Presidency has worked hard on proposal. 28 June Energy Council: Political Agreement**
- **UK Presidency: will have Common Position soon and reach agreement in 2nd Reading by end of 2005..**



The Way Forward

- **Discussions in Council & E. P. constructive. Favour harmonised measurement regime. E.P. 3+3+3; 1.3%/yr. (3%)**
- **Committee to harmonise measurement system.**
- **Mixture of bottom-up & top-down. Increasing share of bottom-up. Benchmarking included in top-down.**
- **Indicative vs. mandatory target: Commission & EP vs. Council.**
- **Public procurement target: Commission & EP vs. Council.**
- **White certificates and bottom-up: UK, IT, FR, DK, NL, BE(FL)**