



**19th Inter-Parliamentary Meeting on Renewable
Energy and Energy Efficiency
`Climate Emergency – Faster Switch to
Renewables and Energy Efficiency`**

**Energy Efficiency and the NECPs:
Status and Outlook**

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Helsinki - Finland**

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European Commission

EU policy framework for energy efficiency

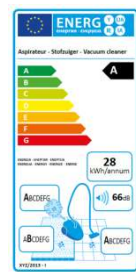
THE RIGHT REGULATORY FRAMEWORK FOR POST – 2020

Energy Efficiency Directive
2012/27/EU as amended by Directive EU 2018/2002

Energy Performance of Buildings Directive
2010/31/EU

Ecodesign Directive
2009/125/EC

Energy Labelling Directive
2010/30/EU

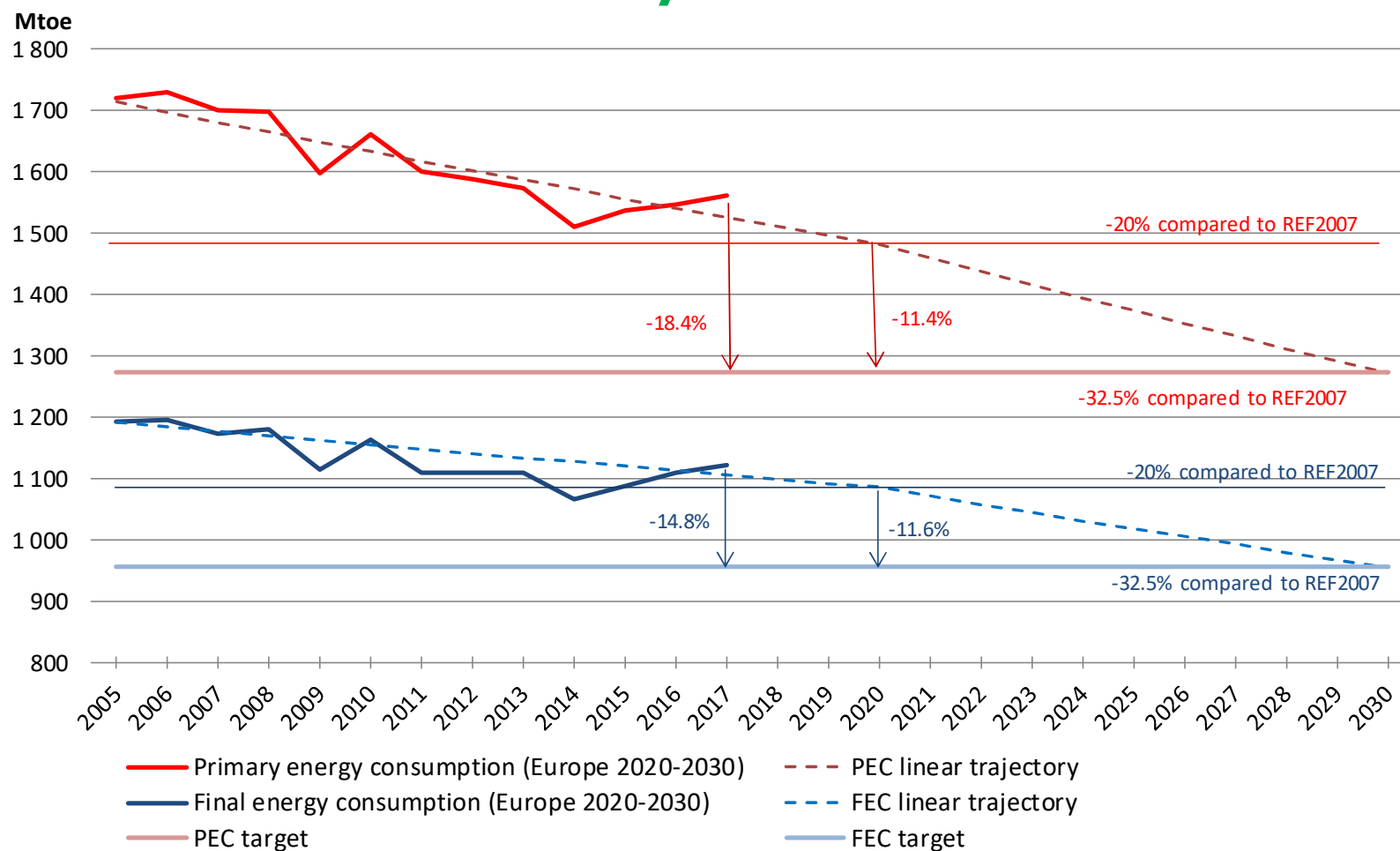


Governance Regulation
2018/1999

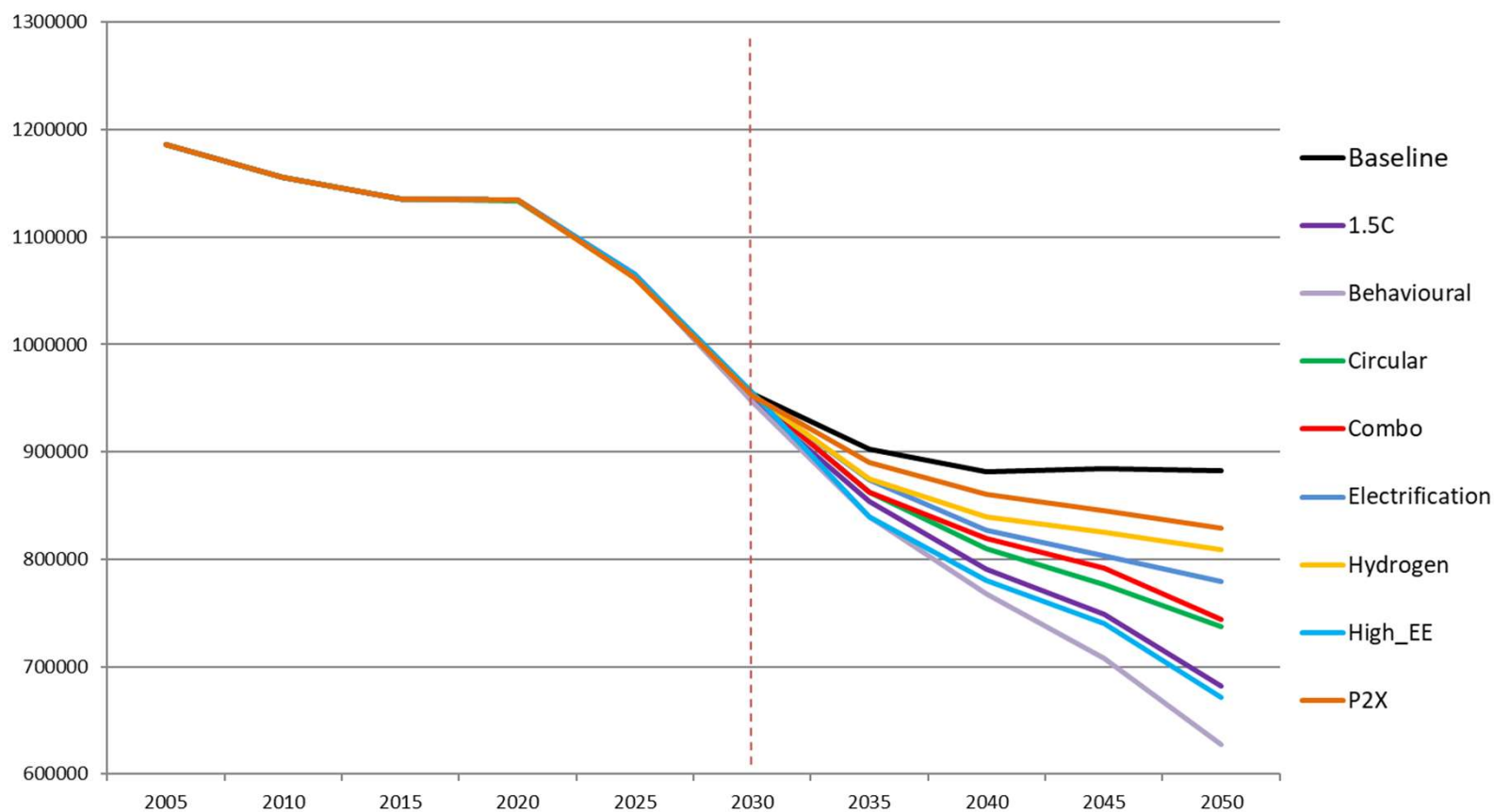
Financing Energy Efficiency
European Structural Investment Fund; Horizon 2020; LIFE + funding; European Fund for Strategic Investments; Member State programmes; etc.



Level of efforts for the EU 32.5% energy efficiency target by 2030



Long-term vision - final energy consumption by 2050



Source: A Clean Planet for all - A European strategic long term vision for a prosperous, modern, competitive and climate neutral economy (COM (2018) 773)



National energy efficiency contributions (Article 3 Energy Efficiency Directive & Governance Regulation)

An enhanced energy efficiency framework post-2020



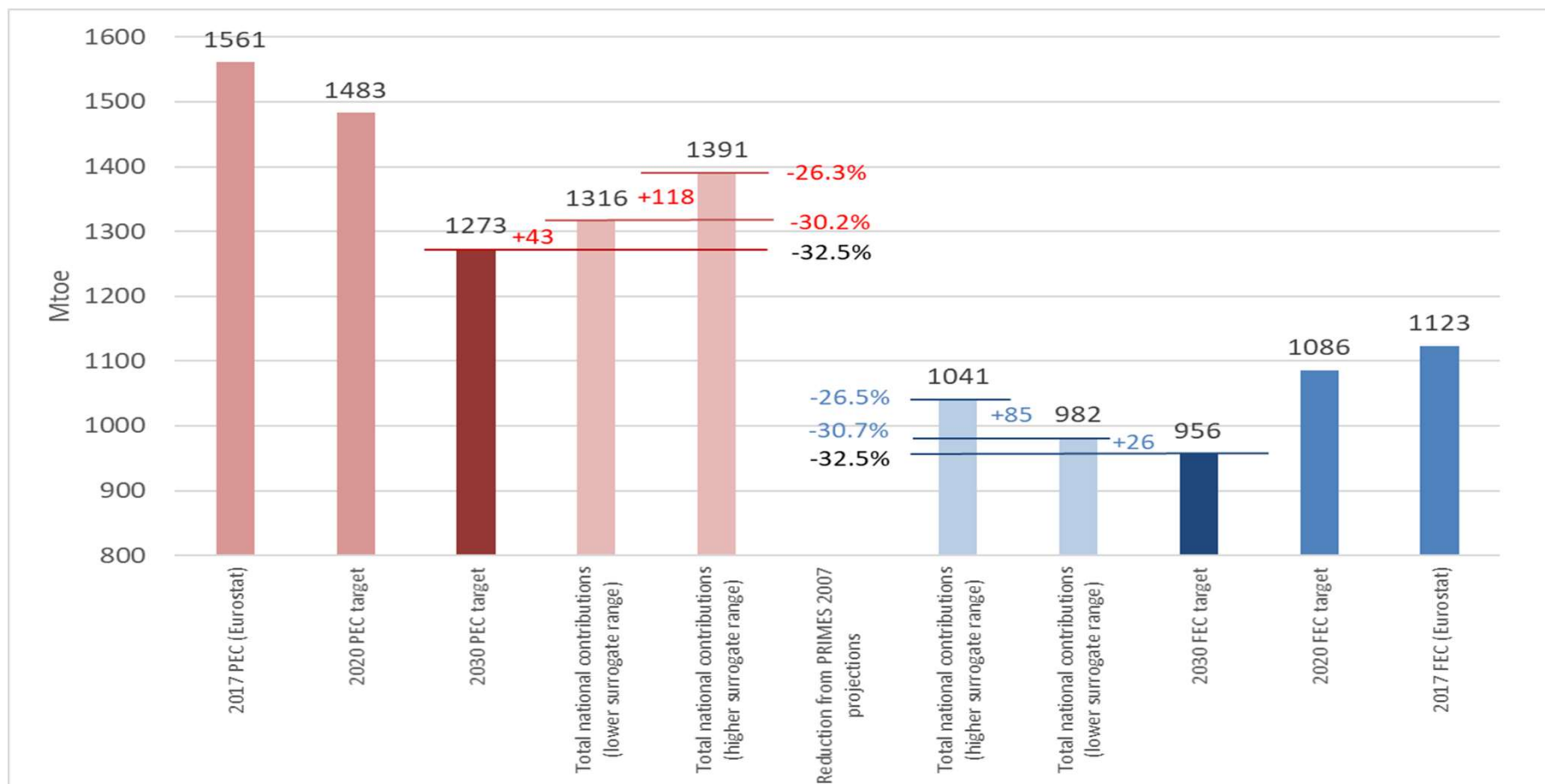
Indicative national contributions to be set taking into account that the EU's consumption in 2030 has to be no more than 1273 Mtoe of PEC "and/or" no more than 956 Mtoe of FEC

- ✓ Member States shall **set their national contributions** to the Union target in their energy and climate plans (in the same way as before) with indicative trajectories from 2021 onwards (the form of the trajectory is not-defined)
- ✓ The Commission shall assess whether such **contributions are sufficient** to reach the 2030 target.
- ✓ The Commission has the faculty to **assume the level of national contributions** of those Member States that do not submit in time their draft plans
- ✓ In case of an **ambition gap** the Commission **may issue recommendations** to Member States whose contributions it deems insufficient and **shall take EU measures** if the contributions are insufficient in the final plans.
- ✓ In case of **collective delivery gap** the Commission **may issue recommendations** to all MS and if appropriate take EU measures. Any gap identified in one of the 3 assessment points: in 2022, 2025 and 2027, shall be filled solely by additional EU measures.
- ✓ MS delivery gaps shall be addressed by recommendations



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Assessment of the collective ambition at EU level



The gap for Energy efficiency could be as big as 6.2 percentage points (PEC) or 6 percentage points (FEC)



Methodology for the assessment of the ambition gap in draft NECPs

Sum of all national contributions compared to the Union's target (1273 Mtoe of primary energy and/or no more than 956 Mtoe final energy)

National contributions based on the figures from the draft NECPs or communicated in the TWG, in some cases derived from underlying modelling or corrected with MS (definition of PEC or FEC, conversions in Mtoe)

Surrogate data used for DE, UK and SI (FEC):

- Optimistic (lower range): REF2007 -32.5% / 2005 – 20%
- Conservative (higher range): REF2016 / REF2007 -32.5%

Conservative assumptions made on ranges or values in line with the EU macro assumptions

Assessment of national contributions of draft NECPs (1)

EU average used as a benchmark:

- The 2017 statistical data - EU as a whole should reduce its PEC and FEC by 18.4% and 14.8% respectively compared to 2017 data;
- The 2020 national targets for energy efficiency - EU 2030 target requires additional efforts of more than 11% in comparison to the 2020 target

The level of ambition was assessed as:

- **sufficient** if a national 2030 contribution represented a higher reduction in energy consumption than at the EU level for the two criteria,
- **modest** if a reduction was lower than at the EU level but higher than 5 %,
- **low** if a reduction was in the range 0-5% or there was a small increase for one criterion,
- **very low** if values for both criteria increased.



Assessment of national contributions in draft NECPs (2)

- 4 MS with sufficient ambition for PEC or FEC: Spain, Italy and Luxembourg for both; the Netherlands for PEC; France for FEC;
- 6 MS with modest ambition for PEC or 5 MS for FEC: Austria and Poland for both; Belgium, France, Portugal, Sweden for PEC; Czechia, Latvia, the Netherlands for FEC
- 6 MS with low ambition for PEC or FEC: Bulgaria, Estonia, Croatia, Slovakia for both; Czechia, Latvia for PEC; Belgium and Sweden for FEC;
- 10 MS with very low ambition for both PEC or FEC: Denmark, Greece, Ireland, Cyprus, Lithuania, Hungary, Malta, Romania and Finland for both; Slovenia for PEC; Portugal for FEC.
- No assessment for the UK and Germany – no contribution provided

Assessment of national contributions draft NECPs (3)



Member State	Primary Energy Consumption			Final Energy Consumption		
	Compared to 2020	Compared to latest	Assessment	Compared to 2020	Compared to latest	Assessment
	(%)	vs. 2017		(%)	vs. 2017	
Belgium	-10.8%	-20.6%	Modest	1.8%	-8.2%	Low
Bulgaria	4.9%	-3.5%	Low	0.4%	-12.3%	Low
Czech Republic	-6.9%	2.9%	Low	-6.6%	-7.2%	Modest
Denmark	10.3%	5.0%	Very low	7.5%	8.5%	Very low
Germany						
Estonia	-15.4%	-2.7%	Low	-1.9%	-4.2%	Low
Ireland	14.6%	10.5%	Very low	11.5%	10.9%	Very low
Greece	1.2%	8.1%	Very low	-1.6%	8.0%	Very low
Spain	-19.9%	-21.8%	Sufficient	-14.7%	-11.6%	Sufficient
France	-10.9%	-15.7%	Modest	-9.6%	-16.1%	Sufficient
Croatia	-23.1%	-1.2%	Low	-1.6%	-1.1%	Low
Italy	-20.9%	-16.1%	Sufficient	-16.3%	-9.9%	Sufficient
Cyprus	16.6%	3.1%	Very low	15.2%	18.8%	Very low
Latvia	-19.5%	-3.1%	Low	-20.1%	-11.1%	Modest
Lithuania	57.3%	65.5%	Very low	86.8%	49.4%	Very low
Luxembourg	-23.0%	-19.7%	Sufficient	-22.1%	-21.9%	Sufficient
Hungary	12.0%	10.3%	Very low	29.0%	0.4%	Very low
Malta	40.5%	40.5%	Very low	35.4%	37.7%	Very low
Netherlands	-23.3%	-27.8%	Sufficient	-14.7%	-11.6%	Modest
Austria	-4.8%	-7.8%	Modest	-0.3%	-12.0%	Modest
Poland	-5.7%	-8.2%	Modest	-7.6%	-6.7%	Modest
Portugal	-10.2%	-11.3%	Modest	1.7%	6.9%	Very low
Romania	-14.7%	13.3%	Very low	-9.2%	18.6%	Very low
Slovenia	-1.0%	6.2%	Very low			
Slovakia	-1.3%	0.1%	Low	16.7%	-3.1%	Low
Finland	0.7%	13.9%	Very low	-1.6%	4.2%	Very low
Sweden	-2.1%	-7.9%	Modest	6.7%	-0.7%	Low
United Kingdom						

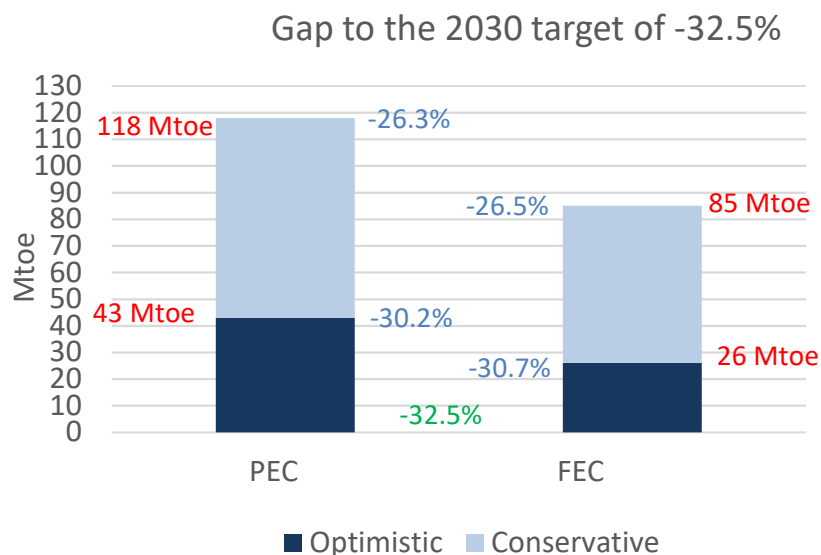
Key aspects of the country Recommendations

- Review the contributions/ Increase the ambition/ Substantially increase the ambition
- Define/ Express national energy efficiency contributions as required (plus indicative trajectory)
- Provide methodology and justify the level of contributions (national circumstances)
- Elaborate on the energy efficiency first principle
- Identify additional / provide more details on policies and measures
- Provide timeline/ objectives/ scope/ target sectors /level of expected savings for PaMs
- Underpin proposed policies and measures with an impact assessment (impacts on target, investment, wider benefits, macro)



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Closing the gap – progress so far*



*based on the preliminary indications provided by national delegations at meetings in September

MS	Intention	Mtoe
Belgium	Analysis ongoing	
Bulgaria	Analysis ongoing (new measures to be added)	
Czech Republic	Analysis ongoing (possible increase in ambition)	
Denmark	Analysis ongoing	
Germany	Target to be set based on measures agreed by the Climate Cabinet	
Estonia	Analysis ongoing	
Ireland	Lower target	
Greece	Lower target	
Spain	No changes foreseen	
France	No changes foreseen	
Croatia	No changes foreseen	
Italy	No changes foreseen	
Cyprus	Lower target	
Latvia	Analysis ongoing	
Lithuania	Lower target	-2 FEC
Luxembourg	No changes foreseen	
Hungary	Lower target	
Malta	No changes foreseen	
Netherlands	Analysis ongoing	
Austria	Lower target	
Poland	No changes foreseen	
Portugal	No changes foreseen	
Romania	Analysis ongoing	
Slovenia	Lower target	-0.8 PEC
Slovakia	Analysis ongoing	
Finland	Lower target	
Sweden	Analysis ongoing	
United Kingdom		



Increasing the level of ambition – some clarifications

- Look for additional measures leading to higher level of ambitions. Higher contributions without supporting measures would lead to a delivery gap
- The recommendations to increase the level of ambition for PEC or FEC reflect the level of contribution compared to the benchmark and not the sector (supply, transformation vs. final energy uses) where measures are needed or the way the target was set
- National projections should take into account the impacts of both national and European policies and measures e.g. new CO2 standards for cars and trucks
- Take into account interlinkages between GHG-RES-EE measures
- Consider GDP and population growth projections from the 2018 ageing report
 - a sensitivity scenario with lower GDP projections would be a good quantification of the impact of GDP as a national circumstance



Assessment of final contributions – some clarifications

- National circumstances have to be taken into account but their impact on energy consumption needs to be explained, preferably quantified
- The way the target is defined will be determinant for monitoring delivery. The level of ambition has been and will be analysed by looking at the level of contributions translated into absolute values (PEC and FEC)
- All planned measures should be captured by some sort of Impact Assessment – an NECP scenario
- Identification of investment needs is crucial, if finance is indicated as a barrier
- No formal requirement for the Commission to assess the level of ambition of national contributions in final NECPs, but some assessment will most likely be made

EU measures in case of an ambition gap in final NECPs

*Article 31 (3) GOV when the assessment leads to a conclusion that the contributions are **insufficient for the collective achievement** of the Union's 2030 target for energy efficiency, the Commission **shall** propose measures and exercise its power at Union level in order to ensure the collective achievement of the target.*

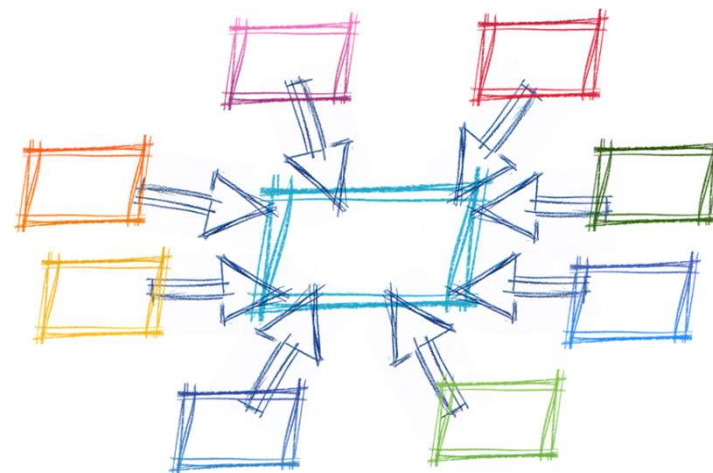
- No measures in the drawer, but buildings seem to be an area where further efforts are needed
- Measures will depend on the size of the gap and MS efforts
- Legislative measures are not the only way forward
- On-going studies could help identifying
- **Developments related to the European Green Deal**

Make the Energy efficiency first principle operational!

- **Explain how the energy efficiency first principle is embedded in the NECP's overall strategy**
 - not just a declaration, but set up a process to safeguard the principle
- **Describe the structure which is in charge of monitoring the application of the principle**
 - clear responsibilities to an entity in charge of implementing the principle
- **Describe how the principle was enacted in the process of drafting the NECP**

Energy efficiency first – setting the objectives

- **Adopt an overarching vision for a highly energy efficiency economy and explain how this will boost the rapid decarbonisation of the economy**
 - explain interactions between the dimensions and how these affect energy efficiency
- **Clearly state the internal energy market and energy security objectives and explain how these take into account a robust energy efficiency contribution**





Energy efficiency first – defining policies and measures

- **Put in place processes to ensure that energy savings tests are performed for each energy planning, policy and investment decision, and report in the NECP on these processes and on the results**
 - assess each measure (especially those related to energy security and internal energy market) against an energy efficiency measure which would allow reaching the same objective
 - explain how projects are tested against a robust energy efficiency scenario

EEF – setting a robust target

- **Maximise the energy efficiency target after consultation with stakeholders about boosting the energy efficiency measures**
- **Present economic, social and environmental benefits of a higher target, and compare it with a situation where a lower target would be set**
 - sensitivity analysis explaining what would be the consequences of increasing the ambition in energy efficiency
 - presenting different scenarios would allow comparing the benefits of setting a higher energy efficiency target





Commission services provided a voluntary guiding template for the notification of the detailed methodology for the operation of the energy efficiency obligation schemes and alternative policy measures – Annex III Governance Regulation 2018/1999

- **Drafted to provide utmost support to the Member States in the preparation of the first final NECP**
- **Please note that the voluntary guiding template states the views of the Commission services only, and does not alter the legal effects of the Energy Efficiency Directive (EU) 2012/27/EU as amended by Directive (EU) 2018/2002 and the Regulation (EU) 2018/1999 on the Governance of the Energy Union and Climate Action.**



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Voluntary guiding template – Annex III Governance Regulation 2018/1999



Savings requirement for 2021-2030:					0 ktoe
1-Target	2-Target_art7(2)	3.1-EEOS	3.2-AltMeasure01	3.3-Taxation	4.c-Lifetimes

References to points in Annex III of GOV	3.1) Energy Efficiency Obligation Schemes (EEOS) referred to in Article 7a including information about 4) Calculation methodology and 5) Monitoring and Verification [Delete this tab if no EEOS is planned for 2021-2030]	
3.1.a)	Description of the energy efficiency obligation scheme	
	Title of the policy measure	
	Short description of the policy measure	
	Source(s) of information (including the reference of the related law or other legal text(s))	
3.1.b)	Expected savings for 2021-2030 and duration of the obligation period(s) (points 5(d) and 5(e) of Annex V)	
	Expected cumulative end-use energy savings	
	Expected new annual end-use energy savings	(if the rate of expected new annual end-use energy savings is please use the table on the right)
	Duration of the obligation period(s)	
information	Complementary (additional) explanations (if/when relevant)	



Thank you for your attention!