



**CONCERTED ACTION  
ENERGY EFFICIENCY  
DIRECTIVE**

# **New policy instruments triggered by Article 7**

**Executive Summary 8.8**

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# 1 Summary

Article 7 of the Energy Efficiency Directive (EED) requires Member States to set up an energy efficiency obligation scheme for energy distributors and/or retail energy sales companies that achieves new savings each year (from 1 January 2014 to 31 December 2020) of 1.5% of the energy sales to final consumers. As an alternative, Member States can implement other policy measures that lead to an “equivalent” level of savings to an obligation scheme.

Core Theme 8 of the Concerted Action for the Energy Efficiency Directive (CA EED) was launched in spring 2013 in order to support the effective implementation of Article 7 EED by Member States (MS). By providing a trusted forum for exchange of experiences and collaboration, the reports and Plenary Meeting sessions on Article 7 have helped MS to learn from each other, avoid pitfalls and build on successful approaches when implementing this Article of the EED. The objective of the work on Article 7 was to give MS participants a clearer picture of the implementation options available to them and help them learn from existing solutions on some of the technicalities of Article 7.

The areas discussed between March 2013 and March 2016 include:

- Implementation options and plans for Article 7 in MS
- Monitoring and verification of measures and energy savings
- Demonstrably material and additionality in Article 7 implementation
- Calculating energy savings from energy efficiency measures with special emphasis on soft measures, energy taxes and measures in the transport sector
- Tackling double counting in Article 7 implementation

From the discussions and MS presentations at the CA EED it became clear that Article 7 is challenging to implement. Over the past four years, the CA EED has helped MS to identify the implementation options available to them and learn from successful approaches in other MS. Good practice presentations (e.g. on monitoring and verification of energy savings from the different types of measures eligible for Article 7) and the exchange of practical experiences have been particularly well received by participants.

In addition, the discussions within CA EED have helped to identify future Article 7 topics that warrant further experience exchange and discussion amongst MS.

The introduction of the EED has triggered additional activities by MS. New policy measures (e.g. new energy efficiency obligations (EEOs)) were introduced, but to a large extent existing policy measures were used or adapted to comply with the requirements of Article 7.

The most important challenges faced by MS when implementing Article 7 are as follows:

- Calculation of energy savings
- Mobilisation of additional funds for energy efficiency
- Meeting the requirements of Article 7 for the monitoring and verification of energy efficiency measures

Most MS state that the industry and household sector are expected to benefit most from the implementation of Article 7 in terms of energy savings. Many MS also observe that the implementation of Article 7 has contributed to the creation of new business models for energy efficiency, with new stakeholders involved in the delivery of energy savings. In summary, many MS perceive that national discussions on the implementation of Article 7 have led to an increased awareness, at least at the political level, concerning the importance of energy efficiency policies.

# 2 Recommendations/Conclusions

During the last Plenary Meeting, MS discussed their experiences of the implementation of Article 7. The insights from the discussions can be summarised as follows:

## The decision for certain implementation option/s

In principle three main options for the implementation of Article 7 are available to MS: (1) introduction of an energy efficiency obligation scheme, (2) combination of an energy efficiency obligation scheme and alternative policy measures (including the setup of an energy efficiency fund) and (3) use of alternative policy measures only.

In many MS the decision regarding the policy measures used to implement Article 7 was based on prior experiences with existing schemes and also on established traditions of energy policy at the national level. The main focus in MS was to have a look first at existing policy measures and to assess their compliance with Article 7 requirements. However it is evident that Article 7 led to a reassessment of energy efficiency policies in the EU. Two MS conducted background studies to investigate the implementation options available to them. These studies led to different results, primarily due to the different framework conditions in the respective MS. The reasons given for not introducing a new EEO include:

- The analysis showed that the domestic market in an MS is too small for a workable EEO and that an EEO would entail higher costs than most existing alternative measures. This is also due to the fact that most low cost opportunities to increase energy efficiency in this MS have already been realised.
- The analysis showed that the present energy market design is not suited to an EEO (monopoly).
- It was not possible to introduce an EEO for political reasons (e.g. rising energy prices are not deemed acceptable).

A number of MS decided to introduce a new EEO. The reasons given for their decisions include:

- Political pressure to introduce an EEO.
- Encouraging experiences from MS with existing and well-functioning EEOs.
- Alternative measures did not realise the expected energy savings (e.g. due to the lack of sufficient public funding).

## The role of double counting

The discussions at the last Plenary Meeting showed that the issue of double counting has been successfully tackled in MS.

First of all, MS have reduced the risk of double counting by choosing only certain measures for the implementation of Article 7. Thus not all policy measures are reported due to the overlaps between policies working together to achieve energy savings. This however implies that MS are also not reporting all eligible savings due to the fact that a double counting check would be too expensive / is not cost effective.

An important factor contributing to the increased risk of double counting is that the competence / responsibility for implementing energy efficiency policies is often dispersed / scattered across many different governmental bodies and administrative levels in MS. This situation requires close cooperation and communication between the different implementing bodies (e.g. subsidy schemes, EEOs).

The main tool for detecting and mitigating the risk of double counting has been the development of IT applications and databases that include all individual measures and enable certain identifiers (e.g. name of the customer, address of the project) to be cross-checked

## The calculation of energy savings

One important result of Core Theme 8 discussions within previous CA EED Plenary Meetings is that the energy savings calculation methodologies for Article 7 are not comparable across MS. The most recent discussions again highlighted that it is very difficult to tackle this issue as MS have different framework conditions and thus harmonised baselines for example are not possible. It was however agreed that a common approach would be beneficial. Participants agreed that informal exchange on energy savings calculation methodologies e.g. at the

## 3 Practical Examples

During the last Plenary Meeting Member States' examples of newly introduced policy measures for the implementation of Article 7 were presented.

### Greece

Greece is planning to introduce an EEO scheme at the beginning of 2017. The reasons for the introduction of the EEO are (1) insufficient energy savings generated by alternative measures, (2) limited resources for additional subsidy schemes, (3) the need for the promotion of energy services and (4) the need for the establishment of a new relationship between energy companies and customers. In the Greek scheme the obligated parties will be energy retail sales companies.

For the monitoring of energy savings, a list of 26 bottom-up methodologies meeting to the requirements of the EED has been developed. The control and verification of measures will be conducted in three phases: (1) plausibility checks, (2) identification of control and verification sample and (3) conduction of in-depth checks (desktop as well as on-site checks).

The options for flexibility for obligated parties include the possibility to count measures of a certain year as if they have been implemented in any of the four previous years and to buyout (100% buyout possible in the first year). Trading is not planned to be allowed for the first phase of the EEO.

### Germany

Germany's energy efficiency policy builds on four pillars: (1) awareness, (2) financial incentives, (3) regulation and (4) energy taxation.

New measures recently introduced are:

- Efficiency labels for old boilers. In order to increase the exchange rate of existing boilers a voluntary labelling scheme for old boilers has been introduced.
- Multi-channel communication campaign to attract attention for the importance of energy efficiency ([machts-effizient.de](http://machts-effizient.de)).
- Funding programme for heating optimisation. The programme is targeted at highly efficient pumps and hydraulic calibration.

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The Concerted Action for the Energy Efficiency Directive (CA EED) was launched by Intelligent Energy Europe (IEE) in spring 2013 to provide a structured framework for the exchange of information between the 29 Member States during their implementation of the Energy Efficiency Directive (EED).

For further information please visit [www.ca-eed.eu](http://www.ca-eed.eu) or contact the CA EED Coordinator Lucinda Maclagan at [lucinda.maclagan@rvo.nl](mailto:lucinda.maclagan@rvo.nl)



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