

D9: EED implementation in Estonia

Estonia is in the process to design a new law to transpose the EED into Estonia's legislation. Drafting of the act continues in parallel with the activities to prepare for increased financing of energy efficiency from EU structural funds and other sources. Enhanced legislative basis based on EED and expected financing from EU structural funds provide significant contribution to achieve the main goal of the national energy efficiency policy. According to the defined goal, in 2020, the final energy consumption in Estonia should not be higher than in 2010.

Legal context

From the legislative aspect, the energy market has been divided into five different segments in Estonia. A separate legislation has been designed for the electricity market, the district heating market, the natural gas market and the liquid fuel market. Other energy market segments are handled as a part of a common commodity market, where the general property and trade law applies.

The primary legislative acts on energy sector segments are:

- District Heating Act
- Electricity Market Act
- Liquid Fuel Act
- Natural Gas Act.

These acts set the main requirements for the market participants and their operations in the energy market. The requirements related to energy efficiency are almost not addressed and there is not any detailed requirements related to energy efficiency.

Energy efficiency and eco-design requirements of energy using products are set according to the Product Conformity Act and the building energy performance requirements are based on the Building Act. The Building Act is also setting the requirements for the persons offering a service of building energy audit.

Status of the implementation

The EED implementation is in progress in Estonia. According to the Government of the Republic Act, the Ministry of Economic Affairs and Communications has a responsibility to transpose the EED into Estonia's legislation. The transposition work was started in December 2012, when the analyses to prepare the notifications to EU were started. The work to draft the legislation to transpose the EED was started in September 2013.

Two alternative approaches to transpose the EED into Estonia's legislation were considered. As the transposition into existing acts needed significant changes in their text, a decision to introduce a new separate act was done. The final name of the act is not decided yet: although initially it will include only the elements arising from the EED, there is an intention to integrate also other elements applying to all segments of the energy market. This new energy framework act is drafted by the Ministry of Economic Affairs and Communications, amendments in other acts (e.g. on state property, public procurement) are consulted with the Ministry of Finance.

Additional efforts

Year 2014 denotes also beginning of a new multiannual financial framework in EU. As Estonia is still one of the less developed regions in EU, regional development aid will be received from EU. This provides new financing opportunities also for energy efficiency. Estonia has planned following funding schemes and their indicative financing to promote energy efficiency from 2014 until 2020:

- resource and energy efficiency in industry 130 M€. A part of this budget will be used for the investments needed to improve waste management and application of technologies to reduce environmental pollution;
- renovation of the multi-apartment buildings 110 M€;
- renovation of district heating systems 80 M€. A part of this budget will be used for the investments needed to increase the use of renewables in district heating;
- energy efficiency in street lighting 40 M€.

In addition, the government has planned to use a part of the income from EU ETS to finance energy efficiency in public buildings. In total, 50 M€ are planned for this purpose.

Significant changes are needed to start up with the use of EU structural funds to promote energy efficiency in Estonia. In the previous period of multiannual financial framework (2007-2013), Estonia allocated roughly 40 M€ to energy-related activities. On top of that, in 2010-2013 considerable allocations – more than 200 M€ – were done for energy efficiency projects also from green investment schemes. The largest share of this amount was spent to improve energy efficiency and indoor climate of public buildings and apartment buildings.

Future planning

In 2014 and 2015, the priorities for the Ministry of Economic Affairs and Communications will be the transposition of the EED and effective implementation of EU structural funds. The Ministry of Economic Affairs and Communications will closely follow the progress towards national energy efficiency target and if needed, the instruments introduced in the new act transposing the EED will be used to promote energy efficiency.

Relevant information

Any other relevant information can be found from the webpage of Ministry of Economic Affairs and Communications: www.mkm.ee