

# National EED Implementation Report (NIR) 2021

## EED implementation in Denmark

### Introduction

The Ministry of Climate, Energy and Utilities is responsible for implementing the Directive on Energy Efficiency (EED) (2012/27/EU and 2018/2002) and the responsibility for implementation of the Directive lies with the Danish Energy Agency, which is a part of the Ministry. The Ministry of Interior and Housing is responsible for the implementation of select provisions.

This report of the EED builds on the 2016 National Implementation Report. This version includes the implementation of the amendment of EED 2018/2002, amending Directive 2012/27/EU on energy efficiency, and the Governance Regulation (2018/1999), amending among other directives, Directive 2012/27/EU.

### 1. Legal context

Denmark has fully implemented the EED (including amendment 2018/2002). The implementation necessitated the entry into force of several national legal acts – the Promotion of Savings in the Energy Consumption Act being the key piece of legislation implementing the EED. The act promotes energy savings and energy efficiency actions for energy consumers, taking into account considerations on economy, climate and environment, and the security of energy supply.

Section 2.1's successive presentation of the articles makes reference to the main national legal acts that implement the EED provisions.

In addition to new national legal acts, the implementation of the EED resulted in changing several existing ones, including; the Electricity Supply Act, the Natural Gas Supply Act, the Heat Supply Act, and the Act on Subsidies to Promote Renewable Energy in Enterprises' Production Processes.

The political and legal background is decisive for the direction of the implementation of the EED as well, as it sets the stage for Denmark's overall efforts to reduce GHG emissions and forms the policies on energy and climate. The timeline below pinpoints the most recent developments to establish a broader legal context for the implementation of EED.



In Denmark, there is a history of striking broad political energy agreements, which set the foundation for energy policies and initiatives. The 2018 **Energy Agreement**<sup>1</sup> is currently under implementation, however some of the initiatives were already reinforced before its implementation and prolonged with the 2020 **Climate Agreement for Energy and Industry**<sup>2</sup>. Together, the two agreements launched energy efficiency initiatives such as large subsidy schemes to spur energy efficiency actions and investments in industry and buildings, and they detail efforts to raise energy efficiency awareness through campaigns and informative websites, as well as other initiatives. The current agreements are valid until new agreements steer the energy policies.

Following the requirements of the EU Regulation on the Governance of the Energy Union and Climate Action (2018/1999) Denmark delivered its National Energy and Climate Plan (NECP) in 2019. **Denmark's NECP** outlines the pathway towards meeting the EU energy efficiency target, and connects the dots between Danish energy policy and the EU targets. The NECP plays a key role in relation to the EED, as it carries the requirements for reporting to the EU, on the progress of the implementation.

The **Climate Act**<sup>3</sup> is legally binding and thereby commits the government to set milestone targets and develop annual Climate Programmes, which outline concrete policies to reduce emissions. The milestone targets should pave the way for the 2030 target of 70% reduction in GHG emissions (compared to 1990 levels), to reach net zero emissions by 2050 at the latest. To reach the target, the Climate Act also stipulates that every five years a Climate Action Plan must be drawn up.

As prescribed by the Climate Act, every five years the government must develop a **Climate Action Plan**. The Climate Action Plan of 2020 is the first to be developed, and it focuses on a 10-year perspective. It is the action plan together with government agreements, which help steer and realise Denmark's energy efficiency efforts. The *agreements* below are all instrumental in implementing the EED and focus on specific actions and initiatives:

- *Agreement for Green Housing*. The agreement ensures green renovation of the social housing sector. Among other things, it contains new green support criteria, a new green guarantee and a fund for experimentation to improve energy efficiency in social housing buildings.
- *Climate Agreement for Energy and Industry*. The agreement contains measures, which will ensure significant energy savings. The agreement increased the loft of a fund dedicated to subsidies in the private sector's energy efficiency efforts. The agreement also ensures that households can receive subsidies to exchange oil and gas boilers with heat pumps.
- *Agreement on Road Transport*. The agreement includes a re-organisation of current taxation on cars, creating a better incentive for citizens to choose electric cars over fossil-fuel-based cars.
- *Agreement on Finance Act 2021*. With the agreement, the government allocated funds to a subsidy scheme to increase energy efficiency in regional and municipal buildings, e.g. through renovations, shifting from oil and gas boilers to heat pumps or remote heat, and digital solutions.
- *Agreement on Green Tax Reform*. The agreement includes raising the tax on energy for companies' processing purposes, meaning energy used in e.g. production and lighting. The agreement also allocates further funds to the subsidy scheme for energy efficiency renovations in the private sector.

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<sup>1</sup> <https://en.kefm.dk/Media/C/5/Energy%20Agreement%202018%20a-webtilg%C3%A6ngelig.pdf>

<sup>2</sup> [https://en.kefm.dk/Media/C/B/faktaark-klimaftale%20\(English%20august%2014\).pdf](https://en.kefm.dk/Media/C/B/faktaark-klimaftale%20(English%20august%2014).pdf)

<sup>3</sup> [https://en.kefm.dk/Media/1/B/Climate%20Act\\_Denmark%20-%20WEBTILG%C3%86NGELIG-A.pdf](https://en.kefm.dk/Media/1/B/Climate%20Act_Denmark%20-%20WEBTILG%C3%86NGELIG-A.pdf)

## 2. Status of the implementation

### 2.1. Legislative provisions

This table contains information on how the EED has been implemented by article.

EED Article	Implementation status
<b>Article 4</b>	The provisions under Article 4 moved to the Directive on Energy Performance of Buildings in its amending directive 2018/844/EU. <sup>4</sup>
<b>Article 5 + 6</b>	<p>Administrative regulations on energy efficiency in the governmental bodies is implementing Articles 5 and 6. It is designed as a framework management circular, making it the responsibility of the individual Ministries to ensure that the buildings they reside over contribute sufficiently towards the energy savings target for public buildings.</p> <p>In the implementation of Article 5, Denmark opted to use the alternative approach.</p>
<b>Article 7</b>	<p>Up until the end of 2020, Article 7 was implemented through the energy efficiency obligation scheme. The basis for the scheme was a voluntary agreement between the previous Ministry of Climate, Energy and Housing and the energy sector, and the 2012 Energy Agreement solidified the framework for the energy savings effort. The scheme terminated 31st December 2020.</p> <p>During the 2021-2030 period, Denmark has opted to take the alternative approach (Article 7b) and use various policy instruments in order to meet the national energy savings target.</p> <p>The current energy and climate policy is anchored in several national plans and policies (section 1 elaborated on the relevant plans and agreements). The cumulative effect of these plans is estimated to meet – and exceed – the Danish energy savings obligation for the 2021-2030 period.</p> <p>Examples of measures implementing Article 7 include:</p> <ul style="list-style-type: none"> <li>• subsidy scheme dedicated to subsidies in the private sector's energy efficiency efforts;</li> <li>• subsidy scheme to replace oil boilers with heat pumps in buildings outside the district heating and gas grids;</li> <li>• reorganisation of registration tax for cars (to promote electric cars);</li> <li>• increasing the energy tax on business energy consumption for process purposes;</li> <li>• subsidy scheme to carry out energy efficiency renovations in public buildings (regional and municipal level).</li> </ul>

<sup>4</sup> Denmark's long-term renovation strategy under Article 2A of the Directive on Energy Performance of Buildings no longer available.

EED Article	Implementation status
<b>Article 8</b>	<p>Article 8 is transposed in e.g. Obligatory Energy Audits in Large Companies Act, Energy Labelling of Buildings Act, and the aforementioned Promotion of Savings in the Energy Consumption Act.</p> <p>Energy audits in Denmark are, with exemptions, mandatory for companies exceeding 250 employees, or if the companies have a revenue of at least 50 million euros and a yearly balance of 43 million euros. The companies must report the audit to the Danish Energy Agency. Only qualified auditors can carry out the audits.</p> <p>In line with what is stipulated in the acts, schemes are in place to deliver implementation. For example, the Energy Labelling Scheme, which promotes the use of energy in homes and for consumers. The scheme sets out mandatory energy labelling of buildings, when selling or renting a home, in newly constructed housing, and in government buildings measuring above 250m<sup>2</sup>.</p>
<b>Article 9</b>	<p>The Meter Act implements Article 9 and regulates individual metering of electricity, gas, water, heating and cooling.</p>
<b>Articles 10 and 11</b>	<p>The Invoicing Act implements Article 10 and 11 and regulates issues related to billing information and the allocation of cost to metering and billing information.</p>
<b>Article 12</b>	<p><a href="http://www.SparEnergi.dk">www.SparEnergi.dk</a> is a central website. The website is a content hub, which provides information and digital tools to partners and local authorities. The website also contains a case library with a large collection of illustrated examples of energy refurbishment projects from across the country.</p> <p>The measures furthermore include public meetings, information campaigns and behavioural change interventions.</p> <p>The Energy Agreement from June 2018 includes measures to improve the use of data and digitalisation to promote energy efficiency. This includes measures to improve consumer information and awareness targeted at end-users and energy service companies with the view of improving energy efficiency and the market for energy services.</p> <p>Article 12 also includes the possibility of providing access to finance, grants or subsidies in order to promote behavioural change. Denmark has implemented such measures through the "Building Pool" and "Sub-scheme for Scrapping".</p>
<b>Article 14</b>	<p>A comprehensive assessment of the potential for using high-efficiency cogeneration and efficient district heating has been made.</p> <p>The assessment was further updated in 2020, and has been shared with the European Commission.</p>
<b>Article 15</b>	<p>An assessment of the potential for energy efficiency in the gas and electricity infrastructure, particularly with regard to transmission, distribution, load management and interoperability, has been made.</p>

EED Article	Implementation status
<b>Article 16</b>	<p>The Promotion of Savings in the Energy Consumption Act and Energy Labelling of Buildings Act.</p> <p>There is also a scheme which ensures proper qualification of energy auditors.</p>
<b>Article 17</b>	<p>The obligation to implement and ensure energy efficiency activities to all stakeholders, including all relevant market players, is reflected in various initiatives and measures to promote energy efficiency.</p> <p>The Knowledge Centre for Energy Savings in Buildings is a service for craftspeople and educational institutions concerning energy efficiency improvements. The centre has worked with industry organisations within the area of mediating knowledge to its members, and provides on a regular basis courses to support the general further education of craftspeople. Furthermore, the labour market training centres carry out educational efforts.</p> <p>A voluntary certification scheme called “Trusted Renewable Energy installer” ensures that the scheme members have completed education regarding the installation of different types of renewable heating and solar photovoltaic systems. A public list displaying qualified companies is available and ensures that the public can make an informed choice regarding the installer used for their heating system or photovoltaic system. This voluntary certification scheme also implements Article 18 paragraphs 3 and 4 in the Renewable Energy Directive 2018/2001/EU.</p>
<b>Articles 18 + 19</b>	<p>Denmark has a number of initiatives, all of which help to promote a market for energy services:</p> <ul style="list-style-type: none"> <li>• <b>The Craftspeople List</b> The purpose of the Craftspeople List is to give the end user easy access to craftspeople who can perform the task of creating energy savings in buildings.</li> <li>• <b>Heat Pump List</b> The purpose of this list is to give an easy overview of the different types of heat pumps and help homeowners to choose the right one.</li> <li>• <b>Better Housing Scheme</b> The Better Housing Scheme educates craftspeople, architects and constructors to provide holistic advice to homeowners and owners of residence buildings.</li> <li>• <b>‘Heating pumps on subscription’</b> List of energy service providers who lease heat pumps to homeowners on favourable terms (subsidy). The energy service provider installs and services the heat pump. Therefore, the homeowner’s effort and initial cost is minimal.</li> <li>• <b>ESCO</b> <a href="http://www.SparEnergi.dk">www.SparEnergi.dk</a> also promotes ESCOs, where it offers relevant introductory material, guides on how to use ESCOs, as well as presenting illuminating case studies.</li> </ul> <p>Article 19 is also implemented through the Rent Act.</p>

EED Article	Implementation status
Article 20	<p>Denmark makes optimal use of opportunities and tools available to mobilise private financing of energy efficiency measures and energy renovations by creating awareness of mobilisation of private financing of energy efficiency and energy renovations on the Danish Energy Agency's website.</p> <p>Denmark also encourages 'one-stop-shops' through the Better Housing Scheme on <a href="http://www.spareenergi.dk">www.spareenergi.dk</a></p>

## 2.2. Non-legislative provisions

The Danish Energy Agency's informational website [www.SparEnergi.dk](http://www.SparEnergi.dk) contains information on policies and legislative provisions. However, it is also a general guide, which enables citizens, enterprises and public bodies to make informed decisions on energy efficiency improvements.

## 2.3. Implementing bodies

The Ministry of Climate, Energy and Utilities is responsible for implementing the EED and it is supported by the Ministry of Interior and Housing on select provisions. The implementation is anchored in the Danish Energy Agency, a part of the Ministry of Climate, Energy and Utilities.

## 3. Implementation of revised EED articles

The implementation of revised EED articles is included where relevant in sections 1 and 2. The revised EED led specifically to revisions in the Meter Act, the Invoicing Act, and the Energy Savings Act. For example, the revised Metering Act introduced requirements that only remotely readable meters can be installed, and the Invoicing Act introduced new requirements to energy invoices and empowered end-users to request digital invoices.

The revised EED is fully transposed, however, as mentioned in 2.1 on Article 7, and from 2021 Denmark made a shift from the previous energy efficiency obligation scheme towards introducing new policy measures to facilitate the energy savings efforts. The policy measures are directed at several areas, such as existing buildings and government buildings, conversion of heating sources, refurbishment of social housing, green tax reform, and transport. Select policies are supported by subsidy schemes.

## 4. Relevant information

The relevant information is presented in the preceding sections with footnotes linking to further reading and sources of information on the described measures and legal provisions.

For any further information, please refer to the following websites:

- The Ministry of Climate, Energy and Utilities (<https://en.kefm.dk/energy>)
- The Danish Energy Agency (<https://ens.dk/en/our-responsibilities/energy-climate-politics>)