



# **Eurogas Response to the Consultation on the Review of Directive 2012-27-EU on Energy Efficiency**

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January 2016

## Cover Note

### Energy Efficiency Directive: Input from Eurogas to the public consultation

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Eurogas, the association representing the European gas wholesale, retail and distribution sectors, welcomes the opportunity to submit comments to the Consultation on the Review of Directive 2012/27/EU on Energy Efficiency launched by the European Commission. Natural gas, because of its qualities, is a natural choice for efficient and economic solutions in power and heat production, manufacturing processes, and industrial and domestic space heating.

Representing most major energy companies and associations in Europe, Eurogas strongly supports energy efficiency and shares the view that it contributes to the competitiveness of Europe. Energy efficiency also has a key role to play in responding to the challenge of climate change, and in the transition to a resource efficient economy and a sustainable energy mix. Considering this, Eurogas advocates the following principles of approach.

Measures to promote energy efficiency should be proportionate and essentially market-driven. Intervention in the market therefore should be minimal. They should be consistent with the ETS scheme and operation of the carbon market.

Member States because of differing national situations should, within the overall policy framework, have flexibility in the ways in which they achieve their targets. Therefore the possibility of “alternative measures” should be retained.

If Member States opt to place obligations on suppliers or DSOs they should also have flexibility in the way they can meet these. This will help to encourage innovation between schemes offered and lead to cost-effective solutions.

Therefore a framework approach should focus on the conditions to allow technologies and fuels to compete, effectively, at the EU level, and also on promoting the exchange and dissemination of national best practices in the Internal Energy Market. This will not equate with prescribing policies for Member States but rather promoting possible options for them and adding ‘European’ value to national policies. Effective monitoring and governance is important. Furthermore energy efficiency measures should ensure that energy efficiency improvements come into effect in the non-ETS sectors so that they will join in efforts to reduce climate change gases.

Eurogas considers Member States should have the ability to continue with the systems they have recently introduced beyond 2020. This continuity is necessary for customers and companies. Changing recently introduced systems may result in unnecessary delays by Member States and potentially high costs for consumers and tax payers.

## Consultation on the Review of Directive 2012/27/EU on Energy Efficiency

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### Part I – General questions

#### 1. Article 1: Subject matter and scope and Article 3: Energy efficiency target

**Article 1** provides the general framework for the promotion of energy efficiency within the Union in order to ensure the achievement of the EU 20% energy efficiency headline target by 2020. In addition and more specifically, **Article 3** requires that each Member State sets an indicative national energy efficiency target based on either primary or final energy consumption, primary or final energy savings or energy intensity. In setting the targets, Member States should take into account a number of provisions set out in Article 3(1).

As regards the EU energy efficiency target for 2030, the European Council agreed in October 2014 on an indicative target at the EU level of at least 27% (compared to projections) to be reviewed by 2020 having in mind an EU level of 30%. Therefore, the existing policy framework should be updated to reflect the new EU energy efficiency target for 2030 and to align it with the overall 2030 Climate and Energy framework.

##### 1.1. What is the key contribution of the EED to the achievement of the 2020 energy efficiency target?

In principle, this Directive has been a key contributor to achieving the 2020 energy target, together with the Energy Labelling Directive, Energy Performance of Buildings Directive and the Ecodesign Directive. However, as the Directive has only recently been transposed in several countries, it is somewhat premature to assess its effects at a European level.

##### 1.2. How has the EED worked together with the Effort Sharing Decision, other energy efficiency legislation (on buildings, products and transport) and ETS? Could you describe positive synergies or overlaps?

Eurogas considers that measures to promote energy efficiency should be proportionate and consistent with competitive market principles and structures. They should also be consistent with a well-functioning ETS scheme and the operation of the carbon market. The latter delivers efficient signals for low-carbon energy use, and energy efficiency measures should focus on the market sectors currently not covered by the ETS, to deliver the most efficient synergies.

Eurogas considers that conflicting targets, especially if they are of a binding nature, can cause confusion and create conflict between policies and the use of cost-effective means to attain them, therefore undermining the proper functioning of the carbon market.

The review of the EED, Energy Performance of Buildings Directive EPBD and Renewables Directive (RED) offers an opportunity to remove overlaps and inconsistencies between them.

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**1.3. How has the EED worked together with existing national legislation? Could you describe any positive synergies or overlaps?**

Members will respond individually to this question.

**1.4. What are the main lessons learned from the implementation of the EED?**

Members will respond individually to this question.

**1.5. Which factors should the Commission have in mind in reviewing the EU energy efficiency target for 2030?**

The factors should be

- Any regime should allow MSs develop a cost-effective approach to energy efficiency measures, considering different energy mixes in line with subsidiarity.
- Other country specific conditions (e.g. climate, energy infrastructure, access to financing) with implications on cost-efficiency of energy policies should also be taken into account.
- A revision should not lead to over-prescriptive/impractical measures, or incoherent interpretations with other EU legislation.
- There should be a maximum flexibility in the approach to energy saving measures, which should be developed with due regard for the competitive energy market and make use of incentives where possible, aimed at helping to change customers' energy behaviour.
- Alternative measures to achieve the required energy saving in accordance with 2012/27 Article 7 should be on an equal footing with any obligation schemes.
- Energy savings should be achieved cost-efficiently.
- Approaches should be fuel/technology neutral.

**1.6. What should the role of the EU be in view of achieving the new EU energy efficiency target for 2030?**

In the first instance ensuring the correct implementation of the existing legislation and following up if it is not implemented. The EU should monitor policy outturns, and as part of an improved governance process be able to comment on Member States' energy saving plans and progress on a regular basis including their cost-effectiveness, when compared with other carbon reduction policies.

**1.7. What is the best way of expressing the new EU energy efficiency target for 2030:**

- Expressed as energy intensity
  - Expressed in an absolute amount of final energy savings
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- Expressed in both primary and final energy consumption in 2030
- Expressed only in primary energy consumption in 2030
- Expressed only in final energy consumption in 2030
- Other (please specify) **X**

The challenge is to set an indicator addressing changing economic structures in different countries

**1.8. For the purposes of the target, should energy consumption be:**

- Expressed as energy, regardless of its source (as now) **X**
- Expressed as avoided non-renewable energy
- Expressed as avoided fuel-use (but including biomass)
- Other (please specify)

**2. Article 6: Purchasing by public bodies of energy efficient buildings, goods and services**

One of the objectives of the EED is to improve and strengthen energy efficiency through public procurement. **Article 6** of the Directive states that Member States shall ensure that central governments purchase only products, services and buildings with a high energy-efficiency performance. The central governments of the Member States should “lead by example” so that local and regional procurement bodies also strengthen energy efficiency in their public procurement procedures.

The Commission is carrying out an assessment of Article 6 of the EED and the preliminary findings show a rather limited experience in the Member States so far in implementing the requirements of Article 6. One of the main barriers to implementing the requirements is the lack of clarity and guidance across the existing EU rules on public procurement. On the other hand, experiences in some Member States indeed demonstrate that the measures required by the EED on public procurement have helped to educate and involve procurement bodies in the use of energy efficiency criteria, spreading the exemplary role of central governments also at regional and local levels.

**2.1. In your view, are the existing EU energy efficiency requirements for public procurement sufficient to achieve the needed impact of energy savings?**

*[Yes /No/No opinion; please explain your answer:]*

Eurogas supports the view that instead of focusing further on public procurement, focus should be placed on ‘peer-to-peer’ collaboration and further dissemination, particularly at local government level, of energy efficiency best practices. EU-promoted initiatives such as the Covenant of Mayors could be important in this activity.



**2.2. How could public procurement procedures be improved in the future with regard to high energy efficiency performance?**

*[Free choice: max. 1000 characters]*

**2.3. Do you think that there is sufficient guidance in your country to characterise "energy efficient products, services and buildings"?**

Members will answer individually.

**2.4. Have you seen information campaigns or other public initiatives in your or in another EU country that explain public procurement of energy efficient products, services and buildings?**

Members will answer individually.

**If yes, how useful have they been to increase awareness? Please describe.**

*[Free choice: max. 1000 characters]*

**3. Article 7: Energy efficiency obligation schemes**

**Article 7** together with Annex V requires that Member States set up an energy efficiency obligation scheme to ensure that obligated parties (energy distributors and/or retail energy sales companies that are designated by each Member State) achieve a given amount of energy savings (1.5% annually) from annual energy sales to final customers over the period 2014 to 2020. As an alternative to setting up an energy efficiency obligation scheme, Member States may opt to take other policy measures to achieve energy savings among final customers to reach the same amount of savings.

The Commission is required to assess the implementation of this Article and submit a report by 30 June 2016 to the European Parliament and the Council, and, if appropriate, to supplement the report with a legislative proposal for amendments.

In line with the EED, Member States had to notify the measures and methodologies on implementation of Article 7 by 5 December 2013. Further information from Member States was received in the notified National Energy Efficiency Action Plans (due by April 2014).

According to the latest available information from the notifications received from Member States<sup>1</sup>, 16 Member States notified an energy efficiency obligation scheme by putting an obligation on utilities to reach the required cumulative energy savings by 2020 under Article 7. Four Member States out of these (Bulgaria, Denmark, Luxembourg and Poland) will use it as the only instrument to achieve the required energy savings. 12 Member States (Austria, Croatia, Estonia, France, Ireland, Italy, Latvia, Lithuania, Malta, Slovenia, Spain and United Kingdom) will

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<sup>1</sup> <http://ec.europa.eu/energy/en/topics/energy-efficiency-directive/obligation-schemes-and-alternative-measures>

use the obligation scheme in combination with alternative measures. On the other hand, 12 Member States (Belgium, Cyprus, Czech Republic, Germany, Greece, Finland, Hungary, Netherlands, Portugal, Romania, Slovakia and Sweden) have opted to only use the alternative measures to reach the required savings instead of putting obligations on utilities.

**3.1. Are you aware of any energy efficiency measures that have been carried out or are planned in your country, by the utilities or third parties in response to an energy efficiency obligation scheme?**

Eurogas members will respond on a national basis, but Eurogas has seen within its membership a significant increase in companies' activities to promote and achieve energy savings, whether their national frameworks are based on obligations, alternative measures or a hybrid approach.

The question is too narrow in its focus on obligation schemes.

**3.2. In your view, is Article 7 (energy efficiency obligation scheme or alternative measures) an effective instrument to achieve final energy savings?**

[Yes/No]

**If yes, please explain your answer:**

The obligation scheme can be an effective tool, but it depends on the circumstances and other measures have proven to be equally effective. The EED must maintain this optionality, as other measures have proven to be equally effective and cost efficient, especially when market based measures are used.

**3.3. What are, in your view, the main challenges or barriers to implementing Article 7 effectively and efficiently in your country? Please select up to 5 options from the list.**

- To select or introduce the right set of measures for achieving 1.5% energy savings (annually)
  - Too great flexibility to use wide range of measures: energy efficiency obligation scheme and alternative measures
  - Strong opposition from energy suppliers and distributors to set up an energy efficiency obligation scheme
  - Lack of effective enforcement
  - Lack of sufficient knowledge and skills of involved parties
  - Lack of awareness (by the end-users) of the energy efficiency obligation schemes or alternative measures
  - Developing the calculation methodology in line with the requirements of Annex V
  - Ensuring sound and independent monitoring and verification of energy savings
  - Avoiding double counting
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- High administrative burden
- Ensuring consistent application of the requirements with other energy efficiency legislation (e.g. building codes)
- Limited timeframe (2014-2020) that makes it hard to attract investment for long term measures
- Other (please specify)

**3.4. Do you believe that the current 1.5% level of energy savings per year from final energy sales is adequate?**

- Strongly agree
- Agree X
- Disagree
- Strongly disagree
- No opinion

While, the methodology to derive the 1.5% energy efficiency calculation is not clear, this is still an adequate target saving. In reviewing the past years, attention can be paid to the factors that have influenced meeting this target, and lessons can be learned. In many Member States actions have resulted in achieving gains on a low-hanging fruit basis, i.e. the most cost-efficient gains will have been made. As the challenges become more complex, the focus should be on longer-term measures, otherwise companies could be forced into cost-inefficient actions. Any increases to this figure would require careful assessment also at Member State level to avoid mandating very expensive solutions.

In Member States where, the customers use less energy (for example use gas only for cooking) or have already made savings above the 1.5%, then this will be a more difficult target to meet. In addition, other sectors should be involved in meeting this objective, such as the transport sector.

**3.5. Should energy efficiency obligation schemes have specific rules about energy savings amongst vulnerable consumers?**

No. Eurogas supports the targeted use of energy efficiency measures to combat energy poverty, but does not consider that the revised Directive should have specific rules. This is an issue for Member States to address, as they have different approaches to identify vulnerable customers and frameworks for addressing them. Such actions should be tailored to Member States' circumstances and national policy frameworks. Eurogas has set out its views on vulnerable customers in a short paper (attached) and participates in the Vulnerable Customers' group. The work of this group should be taken into account when answers to this questionnaire are considered.



#### 4. **Articles 9-11: Metering, billing information and cost of access to metering and billing information**

**Articles 9-11** deal with consumer empowerment, by asking Member States to put in place requirements about metering, access to billing information and cost of access to metering and billing information, allowing consumers to make decisions about their energy consumption. These issues are also currently being looked at within the Electricity Market Design/Delivering a New Deal for Energy Consumers initiative. It may be relevant to consider certain aspects of these Articles in the EED review. The same is true for the subject of "demand response" (as set out in paragraph 8 of Article 15, but on this topic explicit questions were already included in the Market Design consultative communication published in July 2015).

##### 4.1. **Overall adequacy: Do you think the EED provisions on metering and billing (Articles 9-11) are sufficient to guarantee all consumers easily accessible, sufficiently frequent, detailed and understandable information on their own consumption of energy (electricity, gas, heating, cooling, hot water)?**

Yes. The provisions in the EED are very comprehensive. Furthermore the market is driving developments that further empower customers in this area. The requirements provide a strong framework in which Suppliers offer new and enhanced services. Competition is driving this evolution. While we endorse the need for customers to have access to information, the market can drive this and prescriptive regulation is not needed.

##### 4.2. **Do you think it appropriate that the requirement to provide individual metering and frequent billing (Articles 9(1), 9(3) and 10(1)) is subject to it being technically feasible and/or cost effective?**

Yes. The question refers to frequent billing but it is assumed the intention is to refer to billing information.

In principle accurate metering and billing have to remain key objectives. Technically feasible cannot be disputed. Cost-effectiveness assessments will depend on national methodologies, which should be transparent, but the criterion should remain, in order to reinforce the existing balanced approach. Furthermore customers have different needs, and these have to be respected.

Overall the current text provides a good balance and should be maintained.

##### 4.3. **Should such conditions of being technically feasible and/or cost effective be harmonised across the EU?**

No.

##### 4.4. **How would these conditions of being technically feasible and/or cost effective affect the potential for energy savings and consumer empowerment?**

It should be noted that customers with smart meters will be able to collect their data directly from the smart meter. However, customers have different needs on the frequency of the data. For

example, one customer may want to see their consumption every hour, while another only once per day or once a week. Thereby, costs related to data services will differ considerably. In this context, the customer should have a choice between different services and the payment that would correspond to them.

However, this question will depend on unknown assumptions, and it is not well understood what information it is after.

A better informed customer is in principle more “empowered” but customer behaviour can differ depending on many factors. For example, further information on energy use is unlikely to change the behaviour of a customer using gas for cooking. Research shows that no simple conclusions may be reached on customer behaviour.

**4.5. Smart meters: Do you think that A) the EED requirements regarding smart metering systems for electricity and natural gas and consumption feedback and B) the common minimum functionalities, for example to provide readings directly to the customer or to update readings frequently, recommended by the Commission<sup>2</sup> together provide a sufficient level of harmonisation at EU level?**

Yes. Eurogas supports the measures in the EED regarding feedback of consumption information to consumers and commends the Commission's common minimum functionalities. The latter have already highlighted issues for Member States and companies to consider in current and future deployment plans.

Eurogas believes that further benchmarking by the Commission will serve to reinforce the importance of these functionalities.

It should also be noted that the functionalities of electricity and gas smart meters can differ because of the different uses of both energies. Hence, there is a different treatment of the roll-out of these meters, which should be maintained.

However we do not feel that a harmonisation initiative in this area would be necessary or helpful in view of the differing nature and priorities in MS deployments, which are reflected in the cost/benefit analyses already undertaken, and the advanced stage of planning in many Member States.

**If no, do you think the common minimum functionalities should be the basis for further harmonisation?**

*[Yes/No/No opinion; please explain your answer:]*

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<sup>2</sup> C(2012)1342

**4.6. What obstacles have national authorities/actors faced in introducing on a large scale individual meters that accurately reflect the final customer's actual energy consumption? Do you have any good experiences to share on how to overcome these obstacles?**

Question for individual member inputs.

## **5. Article 20: Energy efficiency national fund, financing and technical support**

The analysis of the July 2014 Energy Efficiency Communication and the recent EEFIG Report<sup>3</sup> showed that the energy efficiency investment market is still relatively small scale compared to its potential or the volumes needed to meet the EU's 2030 objectives. The European Structural and Investments Funds address the market gaps related to investment projects including those in energy efficiency, and the European Fund for Strategic Investments provides EU guarantee for investment projects – including those for energy efficiency. The European Energy Efficiency Fund carries relevant lessons.

Moreover, significant funding for energy efficiency comes from national public sources and the private sector. The effectiveness and impact of energy efficiency investments funding strongly depends (*inter alia*) on the implementation of the energy efficiency legislation, including the EED.

**5.1. What should be the most appropriate financing mechanisms to significantly increase energy efficiency investments in view of the 2030 target?**

An evaluation of the impact of existing financing mechanisms is needed first. Any financing mechanisms undertaken at EU level should not introduce or result in competitive market distortions but rather should focus on the most cost-effective energy efficiency measures. Administrative costs have to be kept to a minimum also to avoid resulting in higher costs for consumers. Incentives should be market-based and could include schemes such as grants and fiscal measures.

**5.2. Should there be specific provisions aimed at facilitating investment in specific areas of energy efficiency?**

No

**If yes, specify your answer from the below list:**

- Building renovation
- Efficient appliances and equipment in households
- District heating and cooling network development
- Energy use by industries
- SMEs

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<sup>3</sup> EEFIG - Energy Efficiency Financial Institutions Group Report: Energy Efficiency – First fuel for the EU economy, 2015, [www.eefig.eu](http://www.eefig.eu)

- Companies
- City and community infrastructures in relation to transport, waste heat recovery, waste-to-energy
- Other (please specify)

Eurogas has argued against an approach that “picks winners” from technologies. A technology neutral approach is preferred, and the market functioning should determine the approaches that deliver the most cost-efficient affordable solutions for industry, for society and also for the consumers.

**5.3. Do you agree that one way to increase the impact of energy efficiency investments could be through making the energy performance/savings monitoring mandatory under Article 20 whenever public funds/subsidies are used for EE investments? Such monitoring could be done, for example, via on-line platforms, by users in the regular intervals.**

- Strongly agree
- Agree
- Disagree X
- Strongly disagree
- No opinion

Eurogas supports improved monitoring and governance procedures, in particular when public funds/subsidies are used, but does not understand how this could be done via online platforms, or how a mandatory scheme could apply to users. The availability of reliable online data on energy efficient technologies, e.g. on heating, would, however, bring added-value.

## **6. Article 24: Reporting and monitoring and review of implementation**

The Energy Union Strategy foresees an integrated governance framework for EU energy and climate policies to ensure that agreed climate and energy targets are reached and to enable Member States to better coordinate their policies at a regional level.

**6.1. Do you think that the existing reporting and monitoring system under the EED is a useful tool to track developments with regard to energy efficiency in Member States?**

Yes

**If no, how do you think it could be improved in the future?**

*[Free choice: max. 1000 characters]*

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**6.2. Do you think that the reporting of national indicators (for example, value added/ energy consumption, disposable income, GDP etc. for year (n-2)<sup>4</sup> under Annex XIV (1)(a)) of the EED should be simplified?**

Yes. These national indicators should be made publically available to ensure transparency. It should be checked whether it is possible to streamline some reporting obligations from different directives in order to reduce the administrative and cost burden.

**6.3. Do you think additional indicators (in addition to those referred to in Annex XIV (1)(a) – (e)) are needed to improve monitoring to assess Member States' progress towards their energy efficiency targets?**

No.

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<sup>4</sup> In the year before last [year  $X(1) - 2$ ], where "X" is the current year.



## Part II – Technical questions (on Articles 6 and 7)

### 7. Article 6: Purchasing by public bodies of energy efficient buildings, goods and services

#### 7.1. Do you believe that measures on public procurement of energy efficient products, services and buildings should become mandatory also for public bodies at regional and local levels?

No, this would not be practicable as national regional and local administrations are structured differently across the EU, are subject to a range of financial and budget disciplines, which they have to take into account in their public procurement.

It would be more appropriate to provide information to regional and local administrations about the advantages of energy efficient products, services and infrastructures.

Local governments are important actors for change. The front-runners can lead by example and have their best practice replicated by others, where it makes sense to do so. The role of the Covenant of Mayors is an important catalyst in this process.

#### 7.2. In your view, what are the main barriers that preventing the use of energy efficiency requirements in the existing public procurement procedures (please select from the list and explain your reply:

- There is a lack of awareness about the use of energy efficiency requirements in public procurement
- There is insufficient expertise and/or knowledge on the use of energy efficiency requirements in public procurement
- Thresholds are too high which is why energy efficiency requirements do not apply to many contracts
- Incompatibility of energy efficiency requirements with other procurement criteria (sustainable requirements, low price, safety requirements, technical requirements)
- Higher energy efficiency criteria in public procurements may imply higher prices
- Lack of clarity of the energy efficiency requirements for public procurement
- Energy efficiency requirements for public procurement are not very clear and difficult to check

#### 7.3. In your view, should all EU public procurement rules relating to sustainability (including in particular energy efficiency in buildings, the use of renewable energy sources, etc.) be gathered into a single EU guidance framework?

No, but there would be added-value in a framework to speed good practice.

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**7.4. Do you think that there is sufficient guidance/framework to know what is meant by "energy efficient products, services and buildings"?**

In general yes, when the eco-design and building performance legislation and other associated rules are taken into account.

**7.5. While energy efficient products will be cheaper to operate, their initial cost might be higher and a longer period of time will be needed to "pay back" this higher cost. Is this a problem and if so, how can public authorities overcome it?**

Solutions need to be arrived at on a case by case basis, but should in principle be cost-effective. In general, it could help perhaps if public authorities were to focus less on initial investment as a selection criterion but more on lifecycle costs.

Energy efficient investments lead typically to higher initial investment and lower lifecycle costs. If public authorities are not able to finance the higher initial investment measures, such as contracting could be allowed and facilitated.

**8. Article 7: Energy efficiency obligation schemes**

**8.1. Emerging evidence suggests that most of the measures introduced under Article 7 have long lifetimes (20-30 years) and will continue have an impact beyond 2020. Do you share this view?**

Yes. This question equally applies to obligations and alternative measures. If measures have a lifetime of 20-30 years, then they will have an impact for more than four years' time. A recently installed gas condensing boiler today will still be delivering benefits for the customer during a lifetime stretching beyond 2020. The benefit of long-term investments should be allowed to be captured under the EED in order to avoid a focus on measures which only have a short term impact.

**8.2. What is your view on the potential benefits (listed) of energy efficiency obligation schemes?**

	Strongly agree	Agree	Disagree	Strongly disagree	No opinion
Lower energy bills for consumers					
Better awareness of energy efficiency potential by consumers					



Better relationship between energy suppliers, distributors and customers					
Lower energy generation (and transmission) costs for the utilities					
Improved business and administrative environment for up-coming innovative energy services					
Aggregation of small-scale investments (pooling/bundling)					
Development of new financing models – e.g. energy performance contracting					
Stimulation of energy efficient renovation of buildings					
Increased competitiveness in the energy markets					
Other					

Energy efficiency measures, whether obligations or alternative approaches, have potential benefits in a number of areas. Therefore a similar table should have been provided for the other options.

**8.3. Are you aware of any developments in the energy services markets that have benefited particular actors (e.g. service providers, suppliers, distributors, etc.) in Member States having an obligation to define the obligated parties under the energy efficiency obligation scheme?**

No. In some cases, the obligation seems to have benefited some industries which had access to subsidies.



**8.4. If you think that some requirements of Annex V need more precise guidance please list those requirements and specify briefly what further information you think would be useful.**

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**8.5. As you might know, the current framework of Article 7 is set until 2020, linked to the energy efficiency target for 2020, which will expire at the end of 2020. In your view, should the Article 7 obligations continue beyond 2020 in view of the new energy efficiency target for 2030?**

Yes.

Member States should be encouraged to carry out cost-benefit analyses to assess their results, and the approach can remain optional beyond 2020.

The possibility to choose between the energy efficiency obligations approach and/or alternative measures should be retained, allowing Member States the possibility to choose the most cost-effective measures.

It must also be ensured that Member States have the ability to continue with the systems they have recently introduced beyond 2020. Continuity is necessary for customers and companies. Changing recently introduced systems may result in unnecessary delays by Member States and potentially high costs for consumers and tax payers.

**If yes, what factors should be considered for the future Article 7 (please select up to 5 options from the list, and explain your reply if possible):**

- The amount of savings to be achieved should be set at a more ambitious level for post 2020 (exceeding the existing 1.5%)
- The energy efficiency obligations scheme should be kept as the only possible instrument to achieve the required savings
- The possibility to choose between the energy efficiency obligations scheme and/or alternative measures should be retained **X**
- The possibility to exclude sales in transport from the baseline should be removed
- The possibility to exclude sales in transport from the baseline should be kept but restricted to the fixed amount to ensure the level playing field
- The exemptions under paragraph 2 – applying a lower calculation rate (for the first years), and excluding sales in ETS industries, as well as allowing savings from measures targeting energy generation and supply – should be removed altogether
- The exemptions under paragraph 2 should be retained but the level and number of exemptions should be reviewed
- The possibility for 'banking and borrowing' energy savings from different years should be removed (paragraph 7(c))

- The possibility for 'banking and borrowing' energy savings should be kept with a possibility to count savings towards the next obligation period (paragraph 7(c))
- Other (please specify)

**8.6. Do you think that the scope of eligible measures allowed under Article 7 should be clarified?**

No, the measures may include but are not limited to the list.

**If yes, please explain your answer further:**

- The scope of eligible measures should only be end-use energy savings (as it is at the moment)
- The scope of eligible measures should be expanded
- Other (Please specify)

*[Free choice: max. 1000 characters]*

**If the scope should be expanded, please specify which of the following possibilities would be appropriate:**

- Measures to switch fossil fuel heating and cooling fully or partially to renewable energy (e.g. through individual appliances, district heating and cooling, centralised distributed units supplying larger building complexes or groups of buildings)
- Measures to increase efficiency of district network infrastructure and generation, including through thermal storage facilities
- Measures to make energy generation from small scale generation more efficient, below the ETS threshold
- Switch to self-consumption, auto-generation and energy positive buildings
- Participation in demand response, including from providing storage capacities
- Primary energy savings from the utilisation and recovery of waste heat (e.g. in district networks)
- Savings from energy management systems
- Energy savings from better organisation of activities
- Other (please specify)

**8.7. Would there be benefits in greater harmonisation of some of the requirements of Article 7 to allow more consistent implementation across Member States?**

Provision of Article 7/Annex V	Strongly agree	Agree	Disagree	Strongly disagree	No opinion
Calculation methods					
Materiality					
Additionality					
Lifetimes					
Price demand elasticities <sup>5</sup> for taxation measures in real terms					
Indicative list of eligible energy saving measures					
Monitoring and verification procedures					
Reporting					
Other					

The objective should be to have tailored cost-effective solutions; consistent implementation is not essential for most of the requirements but can bring advantages.

**8.8. What role should the EU play in assisting the Member States in the implementation of Article 7?**

By publishing guidelines on good practice for implementation and monitoring of outcomes.

<sup>5</sup> Price demand elasticity is a measure used in economics to show the responsiveness, or elasticity, of the quantity demanded of a good or service.

**8.9. Please state which best practice examples could be promoted across the EU and how?**

*[Free choice: max. 1000 characters]*

**8.10. Would it be appropriate and useful to design a system where some types of energy savings achieved in one Member State would count towards obligations carried out either by governments or by economic operators in another country, just as the option to cooperate on greenhouse gas emissions reductions already exists?**

Eurogas is doubtful if the market would be ready for this cross-border approach (see 8.12).

**8.11. Would it be appropriate and useful to design a system where energy efficiency obligations would also include elements aiming at gradually increasing the minimum share of renewable energy applicable to energy suppliers and distributors?**

No, this is unduly prescriptive, and it has not been demonstrated that increasing RES share is an affordable way to meet energy targets.

**8.12. Could the option of establishing an EU wide 'white certificate' trading scheme be considered for post 2020?**

- Strongly agree
- Agree
- Disagree X
- Strongly disagree
- No opinion

Eurogas does not see proven advantages in an EU-wide "white certificate" trading scheme. National approaches to provide energy efficiency services operate in different ways, generally delivering results, but these different schemes are mostly not coherent with cross-border trading (see 8.10).

