



Response to Consultation by the European Commission

Review and the Revision of Directive 2012/27/EU on Energy Efficiency

Electricity Association of Ireland

Transparency Register ID number: 400886110592-21

Status: Consultation

Date: February 2021

A decarbonised future powered by electricity

Electricity Association of Ireland

Registered Office: 127 Baggot St Lower, Dublin 2, Ireland D02 F634

Registered No. 443598 | VAT No. IE9682114C

T +353 1 524 1046 | E info@eaireland.com | [@ElectricityAI](https://twitter.com/ElectricityAI)

www.eaireland.com



The Electricity Association of Ireland (EAI) is the representative body for the electricity industry and gas retail sector operating within the Single Electricity Market (SEM) on the Island of Ireland.

Our membership comprises utilities that represent 90% of generation and retail business activities and 100% of distribution within the market. Our members range in size from single plant operators and independent suppliers to international power utilities. Our members have a significant presence in the Republic of Ireland, Northern Ireland and the UK across the sector value chain. We represent the interest of the all-island market in all relevant jurisdictions, including the EU via our membership of the European electricity representative body Eurelectric.

We believe that electricity has a fundamental role in providing energy services in a decarbonised, sustainable future, in particular through the progressive electrification of transport and heating. We believe that this can be achieved, in the overall interest of society, through competitive markets that foster investment and innovation.

We promote this vision through constructive engagement with key policy, regulatory, technology and academic stakeholders both at domestic and EU levels.

Our ambition is to contribute to the realisation of a net-zero GHG emissions economy by 2050 or sooner, in order to limit the impact of rising temperatures. Electricity offers opportunities to decarbonise the European economy in a cost-effective manner.

Key Points

Flexibility

- Addressing the challenges that individual Member States face in meeting the existing target needs to be prioritized in any future revision of the EED. Member states need to have sufficient flexibility to implement the Directive in a way that takes account of national circumstances.
- Any changes in targets or additional requirements should not make it more difficult for member states to achieve what is already becoming an increasingly difficult task.
- Further complexity should be avoided as it will make future schemes more cumbersome, inefficient and expensive and potentially lead to energy savings not be counted.
- Flexibility should be provided to Member States to determine the lifetime of savings rather than timelines being set by the Commission itself given that consumer behaviour may differ from Member State to Member State.

Fair Burden Sharing

- The role of transport should be strengthened within the Directive by removing Member State flexibility to exclude the transport sector from energy efficiency obligations.

Consumer Engagement

- The pursuit of energy efficiency must be a shared goal by society as a whole - citizens, businesses/industry and institutions.
- Access to low or zero cost finance will be key to unlock barriers to energy efficiency investment.
- The Renewables Directives should work in tandem with the Energy Efficiency Directive to deliver carbon savings. Embedding additional targets should be avoided to ensure coherence with the objectives of the EED and to avoid additional complexity and associated costs. A cross-sectoral plan on engaging individuals and helping them finance investments that aid environmental protection and climate change mitigation would help achieve citizen engagement.

Introduction

EAI welcomes the opportunity to respond to consultation on the Review and the Revision of Directive 2012/27/EU on Energy Efficiency. Energy Efficiency remains and will continue to remain one of the key instruments in achieving ambitious European climate targets between now and 2030. The EED is an important component of this and the adoption of the Green Deal also gives credence to this.

EAI supports the ambition of net-zero GHG emissions in the EU by 2050 and a minimum 55% GHG target by 2030. The increased ambition will have clearer implications for Ireland when the NECPs are reviewed in 2022. Ireland's final NECPs submitted in 2020 has the key objective of contributing towards the current EU target of achieving at least 32.5% improvement in energy efficiency by 2030, including a 50% energy efficiency target for the Public Sector by 2030¹. Ireland intends to achieve energy savings of 5.18 Mtoe in accordance with Article 5 & 7 of the EED through an Energy Efficiency Obligation Scheme and alternative policy measures which include; a building renovation target of 500,000 by 2030; stricter energy performance requirements and retrofitting social housing stock.

EAI believes energy efficiency to be one of the key drivers of the EU's policy objective of carbon neutrality by 2050 and for achieving ambitious interim climate targets before 2050. Addressing the challenges that individual Member States face in meeting the existing target by taking into consideration national circumstances will be a key process of reviewing the EED.

To date, the EED has been relatively successful in achieving energy savings but a significant challenge remains to achieve the long term targets laid out by Europe. We believe that the pursuit of energy efficiency must be a shared goal by society as a whole - citizens, businesses/industry and institutions.

¹ https://ec.europa.eu/energy/sites/ener/files/documents/staff_working_document_assessment_necp_ireland.pdf

To meet the increased net zero ambition, we believe current mechanisms which have worked well should continue. These mechanisms, such as EEOS, should continue to remain flexible so that further savings can be delivered. However, additional support is needed which should come from increased participation from new sectors (e.g. transport) and additional EEOS participants.

Retain flexibility to deliver energy savings

EAI believes maintaining flexibility in the directive is important for Member States to determine how they best apply the Directive and take into account national circumstances.

Substantial energy savings have been delivered by Ireland under Article 7 of the EED. Existing mechanisms such as Obligation Schemes have proven to be effective. Preliminary data indicates that between 2014-2020, the EEOS successfully supported energy efficiency actions in more than 291,000 dwellings and 4,750 businesses, achieving final energy savings of over 3,450 GWh².

While existing schemes need to be supplemented by other measures in order to deliver the increased targets, existing schemes need to be allowed operate in a flexible manner if they are needed to deliver higher savings. Introducing new requirements should be avoided as they limit the opportunities for savings.

For example, the substantial revision of Article 7 in 2018 contains requirements on additionality that can limit energy efficiencies from certain projects from being counted towards EED targets (e.g. lighting projects). While we appreciate that energy savings should never be 'double counted' additionality rules are preventing legitimate energy savings from being counted. Given targets are increasing all viable energy savings should be counted.

EAI also believes more flexibility should be provided to Member States to determine the lifetime of savings rather than timelines being set by the Commission itself given that consumer behaviour may differ from Member State to Member State.

² <https://www.oireachtas.ie/en/debates/question/2021-02-03/37/?highlight%5B0%5D=energy>

Fair burden sharing & increased participation across sectors

Climate targets will only be realised if all sectors and instruments contribute to their achievement. In Ireland, energy efficiency improvements have largely come from the public sector and the energy efficiency obligation scheme. The EAI believes that increased targets warrant further participation from a variety of stakeholders in energy efficiency schemes and energy savings measures.

Amendments to the 2018 EED provide options for excluding certain sectors such as transport in the target calculation which may lead to Member States excluding these sectors when allocating targets. To ensure there is fair burden sharing across sectors at a Member State Level, we believe the role of transport should be strengthened within the Directive by removing Member State flexibility to exclude the transport sector from energy efficiency obligations.

Transport remains the largest energy-consuming sector in Ireland, with a 36% share of primary energy in 2018, or 5,274 ktoe, and a 42% share of final energy³. Transport's primary energy use fell by 28% between 2007 and 2012 but has increased by 25% since then. Since 2014, transport has had the largest share of primary energy, accounting for 35.4% in 2018 (5,197 ktoe), followed by heat at 33.5% (4,940 ktoe) and electricity at 31.2% (4,562 ktoe)³.

We believe there is a need to widen the participation in obligation schemes to ensure a broader group of parties are obligated and that an increase in targets does not fall solely on energy suppliers. As outlined above, in Ireland, transport has the largest share of energy consumption and thus we believe there is a key role for transport to play in increasing energy efficiency.

Fair burden sharing and increased participation across sectors also extends to buildings and in particular residential housing. In 2018, primary energy use in households grew by 2.9%, to 3,488 ktoe. The residential share of primary energy was 24% in 2018. Final energy use in the residential sector increased by 178 ktoe, or 6.8%, in 2018 to 2,786 ktoe. Correcting for weather, residential energy use increased by 5.5%³. Obligated parties cannot obligate end users to make energy savings.

³ <https://www.gov.ie/en/publication/0015c-irelands-national-energy-climate-plan-2021-2030/>

A motivational approach, which rewards energy efficiency improvements and penalises energy inefficiency and thus makes more societal and financial sense for homeowners to adopt deep retrofit measures, is required. There is a need for the role of government in facilitating low or zero cost finance to support the magnitude of the renovation challenge. If energy efficiency targets are to increase, it is critical to ensure appropriate policies and measures are in place. Access to low or zero cost finance will be key to unlock barriers to energy efficiency investment.

Maintain focus on energy savings as the core policy objective

The EAI agrees that “the original objectives of the EED - to increase energy efficiency across the EU and to remove barriers and market failures in energy supply and energy use” - are still relevant. We believe the Renewables Directives should work in tandem with the Energy Efficiency Directive to deliver carbon savings. The EAI supports the journey to ‘net zero’ and recognises the need to ensure policy alignment, however we do not see a need to fundamentally adjust European climate policy by embedding carbon targets into the EED as it is not the primary focus of the Directive and it may increase complexity, associated costs and Member States’ ability to deliver higher energy efficiency targets.

Conclusion

The EAI welcomes the opportunity to respond to the Commission’s consultation on the Energy Efficiency Directive. The EAI sees the Directive as an important piece of governance which is one of the key drivers to address the EU’s strategic policy objectives of carbon neutrality by 2050, ensuring security of supply and enhancing competitiveness, which place the "energy efficiency first" principle in the center of the energy policy in Europe.

Energy efficiency will play a key role in delivering a higher climate ambition; however, current targets are already proving difficult to achieve for several member states. More stringent requirements and less flexibility will only make it more difficult to achieve targets going forward. Continued flexibility allows for individual member states to choose the most appropriate and cost-

effective policy measures. Thus, increased targets should be indicative and not binding so as to avoid inefficient measures that are difficult and costly to implement.

As targets and ambitions increase, the engagement of individuals will be increasingly important if policies are to be successful. From an electricity industry perspective, we are acutely conscious of the ability of customers to engage in the decarbonisation transition – both having the knowledge to make the right investments and having the finances to invest at the appropriate time. Citizen engagement is necessary to understand and promote community acceptance of low-carbon technologies. Supportive policies for citizens and industry will be needed to ensure the electrification and decarbonisation of other sectors such as heating and transport. A cross-sectoral plan on engaging individuals and helping them finance investments that aid environmental protection and climate change mitigation would help achieve citizen engagement.

The growing urgency for climate action requires that decarbonisation is central to all economic planning, regulation and environmental protection. Failure to adopt this approach to date has created a risk of high-carbon fossil fuel lock in and future regret which will be costly to reverse. We believe a greater focus on emissions reduction across all sectors of the economy is necessary to achieve effective and economy-wide decarbonisation, which in turn will enhance our natural environment.

The Electricity Association of Ireland, February 2021

A decarbonised future powered by electricity

Electricity Association of Ireland

Registered Office: 127 Baggot St Lower, Dublin 2, Ireland D02 F634
Registered No. 443598 | VAT No. IE9682114C

T +353 1 524 1046 | E info@eaireland.com | [@ElectricityAI](https://twitter.com/ElectricityAI)

www.eaireland.com

