

【欧州】 【Common】

Common - EU decarbonization policy at European Commission level: The European Parliament and the Council of the EU formally adopt the Energy Efficiency Directive recast

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【概要 : Summary】

The increase of energy efficiency is seen a fast and cost-effective way to achieving the European Green Deal's climate neutrality target in the EU by 2050 and the new intermediate target of reducing GHG emissions by at least 55% by 2030, based on the European Climate Law (Regulation (EU) 2021/1119). Accordingly, the European Commission's "Fit for 55" package of 14 July 2021 also includes the recast of the Energy Efficiency Directive (EED) (COM (2021) 558 final). So far, the 2012 EED (Directive 2012/27/EU) and its amendment Directive (EU) 2018/2002 were expected to achieving energy efficiency improvements of at least 20% by 2020. It also included a series of provisions to help the EU Member States to deliver on the objective of achieving energy efficiency improvements of at least 32.5% by 2030. Each Member State was required to deliver annual energy savings obligations of 0.8%.

The COM (2021) 558 final proposal aims at accelerating the pace of energy savings by setting a more ambitious annual target, which almost doubles annual energy savings obligations for each EU Member State. Furthermore, the public sector will be required to renovate 3% of its

buildings each year for accelerating energy savings, among others.

On 10 March 2023, the Council of the European Union and the European Parliament found a provisional agreement on the compromise text of this proposal COM (2021) 558 final, and both co-legislators formally endorsed it in July 2023. The adopted new rules set a legally binding collective target for EU Member States to reduce final energy consumption at EU level by at least 11.7% in 2030, compared to the 2020 reference year. Regarding the target of annual energy savings, the Member States will ensure new annual savings of on average 1.5% of final energy consumption, while gradually increasing from 1.3% in 2024 to 1.9% from 1 January 2028. The EU Member States will also be required to renovate each year at least 3% of the total floor area of buildings under public ownership. The EED recast together with the other revisions of EU energy and climate rules under the Fit for 55 package are expected to ensure achieving the new 2030 GHG emission reduction target. After the formal adoption of the legislative text by the co-legislators, the new EED except for some Articles, will enter into force 20 days after its publication in the EU's Official Journal.

【記事 : Article】**1. Background of the recast of the Energy Efficiency Directive (EED)**

In 2007, the EU set key climate and energy related targets for 2020, including a 20% cut in GHG emissions (from 1990 levels), the introduction of a 20% share of EU energy from renewables and a 20% improvement in energy efficiency (European Commission n. d. a). By the year 2010, the EU needed to overcome the economic crisis, while limiting climate change and energy efficiency was individualised as a valuable means to address these economic and environmental challenges.

Therefore, in 2012, the EU introduced the Energy Efficiency Directive 2012/27/EU (EED), “Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC “ establishing a common framework of measures to promote energy efficiency within the EU (Directive 2012/27/EU).

The 2012 Energy Efficiency Directive (EED) (Directive 2012/27/EU) provided a common framework of measures covering the entire energy chain, from generation to distribution and final consumption, aiming to improve energy efficiency across the EU (ESO n. d.). However, amendments became necessary, and a partial revision of the Directive 2012/27/EU was introduced in 2018 with Directive 2018/2002/EU. The EED amendments in Directive 2018/2002/EU set a 32.5% energy efficiency target for 2030 (Directive 2018/2002/EU, Directorate-General for Energy 2021). It also introduced a new energy savings target of 0.8% for each year of final energy consumption from 2021 to 2030 (Directive (EU) 2018/2002, European Commission n. d. a). Each Member State had to outline measures to achieve this and other targets in their National Energy and Climate Plans (NECP) (Directorate-General for Energy 2021). In 2020, the 2012 EED’s targets were overachieved, but this positive result in

2020 had to be attributed to the impact of the Covid-19 pandemic to a large extent. Furthermore, the European Commission’s 2020 assessment of the impact of the 27 NECPs showed that they fell short of generating enough reductions for the final energy consumption and for primary energy consumption (Directorate-General for Energy 2021, Council of the EU 2023a).

2. Main aspects of the Commission’s proposal for a recast of the Energy Efficiency Directive (EED)

Based on the introduction of the EU’s new 2050 climate neutrality target under the European Green Deal and a more ambitious intermediate target of reducing GHG emissions by -55% by 2030 compared to 1990 levels under the European Climate Law, also the 2018 EED Directive 2018/2002/EU had to be substantially revised (COM (2021) 558 final). Accordingly, as part of the Fit for 55 package, the European Commission published a “Proposal for a Directive of the European Parliament and of the Council on energy efficiency (recast) “ COM(2021) 558 final on 14 July 2021. The proposal COM/2021/558 final aims at promoting “energy efficiency first” as an all overriding principle of the EU’s energy policy (COM(2021) 558 final). Although this principle was included in the 2018 amendment of the EED, the implementation had been proven to be difficult without a clear legal definition. The proposal COM/2021/558 final now presents the legal and operational definition in Article 3 (COM/2021/558 final, European Commission n. d. b). The “energy efficiency first” principle will apply to energy systems and all non-energy sectors that have an impact on energy consumption and energy efficiency (COM(2021) 558 final).

A higher target for reducing primary (39%) and final (36%) energy consumption by 2030 would be introduced, now as binding targets at EU level and up from the 2018 EED amended target of 32.5% (for both primary and final consumption)

(Directorate-General for Energy 2021). Articles 1 and 4 of COM(2021) 558 final also set an increased EU-wide binding energy efficiency target for final and primary consumption, as well as indicative national energy efficiency contributions and provides a formula to Member States to calculate their contributions (COM(2021) 558 final). This represents a significant increase in the level of ambition of the EU energy efficiency target, as the EU Member States collectively ensure this additional reduction of energy consumption of 9% by 2030, based on Article 4 (COM(2021) 558 final, European Commission n.d.b). The proposal COM (2021) 558 final requires each EU Member State to determine their indicative national contribution based on a formula of objective criteria and benchmarks, which reflect national circumstances (Directorate-General for Energy 2021).

The proposal COM(2021) 558 final also intends to nearly double the EU Member States' annual energy savings obligations in end use (Directorate-General for Energy 2021). According to Article 8 of proposal COM (2021) 558 final, the EU Member States will have to achieve new energy savings obligations in each year of 1.5% of final energy consumption from 2024 to 2030, up from the current level of 0.8% in the 2021 to 2030 period (European Commission n.d.b). The obligation of EU Member States of annual energy savings in end-use consumption would increase from currently 0.8% per year, to 1.5% as of 2024, through to 2030 (Directorate-General for Energy 2021).

The recast of the Energy Efficiency Directive also puts a special focus on the public sector and its exemplary role in promoting energy efficiency (COM (2021) 558 final). According to Commission estimates, the public sector's activities including education, health and social services, public transport, and others represent around 5% of the EU's final energy consumption (Directorate-General for Energy

2021). The public domain should therefore set an example in energy saving measures. Accordingly, the recast of the EED introduces specific energy saving measures for the public sector. Accordingly, the proposal COM(2021) 558 final includes a specific requirement for the public sector to achieve an annual energy consumption reduction of 1.7% as part of the objective to enhance the role of public sector across wide range of activities like buildings, transport, water, and street lighting, among others (European Commission n.d.b). The EU Member States are required to renovate each year at least 3% of the total floor area of public buildings of all levels of public administration and to systematically consider energy efficiency requirements in their public procurement of products, services, buildings and works, among others (European Commission n.d.b, Directorate-General for Energy 2021).

Article 8 also introduces an obligation for EU Member States to implement energy efficiency improvement measures among vulnerable customers, people affected by energy poverty and, where applicable, people living in social housing, to achieving a share of energy savings amongst them (European Commission n.d.b).

As an impact of the Russian war in Ukraine, the European Commission's REPowerEU plan of May 2022 intends to reduce the EU's reliance on fossil fuel imports from Russia. The REPowerEU plan also increases the binding EU energy efficiency target of Article 4 in the proposal COM(2021) 558 final on the EED recast from 9% to 13%, compared to the 2020 Reference Scenario (European Commission n.d.b).

Finally, the EED recast contains the Social Climate Fund as a new, specific funding instrument of based on the revenues from the new EU-ETS II to mitigate the impact of higher costs for consumers in the road transport and building sectors (Directorate-General for Energy 2021, COM (2021) 558 final).

3. The Parliament's and Council's positions and their provisional political agreement

In September 2022, the co-legislators started their trilogue negotiations on the final version of the legislative text of the EED recast. The positions were divided between the European Parliament, supporting stricter limits for increasing the energy efficiency, and the Council, following the Commission proposal, but also supporting weaker targets and a more gradual introduction of the targets even in comparison to the Commission proposal.

The European Parliament's lead Committee on the proposal COM (2021) 558 final, the Committee on Industry, Research and Energy (ITRE), with rapporteur Niels Fuglsang intended to further strengthen the proposal due to the urgency of the climate crisis and the multiple benefits offered by increasing the energy efficiency (European Parliament 2022, European Parliament 2023a). Accordingly, the ITRE report set more ambitious targets than the original Commission proposal. It lowers energy consumption by 2030, with a 40% reduction of final energy consumption (FEC), compared to the Commission's 36% in FEC, and a reduction of 42.5% in primary energy consumption (PEC) compared to the Commission's 39% savings in PEC (European Parliament 2023a). The ITRE Committee also supported the introduction of milestones for 2025 and 2027, accompanying the binding national targets (European Parliament 2023a). The Parliament's proposed new targets were closer to the series of additional EED amendments as part of the REPowerEU plan of 18 May 2022, which were integrated into the interinstitutional negotiation process (COM(2022)230, Council of the EU 2023b).

Furthermore, the ITRE Committee's report also contained more ambitious targets for the public sector, covering also rented by public bodies. It proposed annual energy saving obligations (ESOs) of 2% final energy consumption between 2024 and 2030, compared to the 1.5% in the Commission's

proposal (European Parliament 2023a). It also provides considerably more details on implementing the "energy efficiency first" principle and addresses energy poverty among others (European Parliament 2023a).

In total, the Parliament's amendments were slightly more ambitious than the targets proposed by the Commission's REPowerEU plan of May 2022 to phase out imports of Russian fossil fuels and accelerate the clean energy transition and they are also more ambitious than the original Commission proposal (European Parliament 2023a). While the European Parliament's plenary voted in favour of the amendments of the ITRE report on 14 September 2022, the Council of the European Union had adopted its general approach on the recast of the EED COM (2021) 558 final on 27 June 2022 (European Parliament 2023a, Council of the European Union 2022).

The Council's general approach is less ambitious than the European Parliament's position as it basically follows the Commission proposal's original targets of reducing energy consumption at EU level by 36% for final energy consumption and 39% for primary energy consumption by 2030 (Council of the European Union 2022). Furthermore, the Council agreed only to make the FEC target with a 36% reduction at EU level a binding target, whereas the PEC target would be indicative, therefore less ambitious than the Commission proposal. The Council targets also use a new baseline and correspond to a 9% reduction target compared to 2020, rather than the increasing the binding EU energy efficiency target to 13% as suggested under the REPowerEU plan (European Commission n.d.b). Furthermore, the -1.7% FEC targets for public buildings would become binding only after four years and would be limited to buildings owned by public bodies. The Council agreed that Member States would be required to renovate each year at least 3% of the total floor area of buildings owned by public bodies (Council of the European Union 2022).

The general approach also suggests a more gradual increase of energy saving obligations ESO than in the Commission proposal. Member states would ensure savings of 1.1% of annual final energy consumption from 1 January 2024 (2024–2025); 1.3% from 1 January 2026; and 1.5% from 1 January 2028 to 31 December 2030, with the possibility to carry over a maximum of 10% of excess savings to the following period (Council of the European Union 2022). Malta and Cyprus would continue to be able to deliver lower ESOs.

After the European Parliament's plenary vote on 14 September 2022 on the revision of the Energy Efficiency Directive (EED), the European Parliament and the Council entered in the interinstitutional negotiations on agreeing on the legislation's final text. The trilogue negotiations between the Parliament and the Council on the EED recast ended with a provisional political agreement on 10 March 2023. Under the EED recast, for the first time, the energy efficiency first principle is given legal status as it sets the EU Member States a clear requirement to consider energy efficiency in their policy, planning and major investment decisions (European Commission 2023).

The European Parliament's and the Council's provisional political agreement makes it compulsory for the EU to reduce final energy consumption (Council of the EU 2023a).

The political agreement establishes a higher EU energy efficiency target of 11.7% for 2030, which exceeds the Commission's proposed target for Member States and the collective energy consumption reduction target of at least 9% in 2030, compared to the projections of the 2020 Reference Scenario target set in the European Commission's original proposal (COM (2021) 558 final, Council of the EU 2023a, European Commission 2023). However, it remains lower than the REPower EU plan's proposed 13% reduction target (European Commission 2023). The Commission will calculate whether all the

contributions add up to the 11.7% target and, if not, issue corrections to the national contributions (gap-filling mechanism) (Council of the EU 2023c). The consumption limit for final consumption will be binding for Member States collectively, whereas the primary energy consumption target will be indicative (Council of the EU 2023c).

Under the provisional agreement, the annual energy savings obligation increases significantly and requires EU Member States to achieve new savings each year of 1.49% of final energy consumption on average, from 2024 to 2030, up from the current level of 0.8%, and they will gradually reach 1.9% by the end of 2030 (European Commission 2023).

4. Main aspects of the EED recast's final legislative text version

On 11 July 2023, the European Parliament's plenary adopted by 471 votes to 147, with 17 abstentions, the final legislative text on the proposal for a Directive of the European Parliament and of the Council on energy efficiency (recast) (European Parliament 2023b). The Council followed with its adoption of the final legislative text on 25 July 2023.

Regarding the most important aspects of the new law, by 2030, EU Member States will need to save on average 1.5% energy per year. The annual energy savings will gradually increase, beginning with 1.3% from 1 January 2024 until the end of 2025, 1.5% from 1 January 2026 and thereafter, from 1 January 2028, they will reach 1.9% up to the end of 2030 (European Parliament 2023c).

The saving targets should be met through local, regional, and national measures, in different sectors including public administration, buildings, businesses, and data centres, among others (European Parliament 2023b).

The MEPs insisted that the revised rules also give a greater responsibility to the public sector to increase energy efficiency, as a new

annual final energy consumption reduction target of 1.9% is introduced for the public sector, while public transport and the armed forces can be excluded (European Parliament 2023b, Spanish Presidency 2023). This represents a significant improvement as it sets an annual energy consumption reduction target of 1.9% for the public sector. Furthermore, the public sector's buildings will have to be renovated, equal to 3% of public building floor space per year to improve their energy performance if they are owned by the public administration. This rule now also covers the regional and local levels (European Commission 2023, Council of the EU 2023a). However, until 31 December 2026, the obligation does not cover the energy consumption of public bodies in local administrative units with fewer than 50,000 inhabitants and, until 31 December 2029, the energy consumption of public bodies in local administrative units with fewer than 5,000 inhabitants (European Parliament 2023b).

EU Member States will be able to choose freely which buildings to include in the 3% renovation requirement, based on cost-effectiveness and technical feasibility and they may exempt social housing from the obligation to renovate (European Parliament 2023b).

Under the agreed rules, EU Member States will also have to promote local heating and cooling plans in large municipalities having populations with more than 45,000, among others (European Commission 2023).

The new EED will also include the first EU definition of energy poverty and EU Member States will now have to implement energy efficiency improvement measures as a priority among people affected by energy poverty, vulnerable customers, and low-income households (European Commission 2023, Directorate-General for Energy 2023).

In contrast to the current reduction targets, which were based on the 2018 EED of -32.5% for both primary and final consumption, the new targets include a reduction of -40.6% for primary

consumption as indicative target and a -38% reduction for final energy consumption as mandatory target (Council of the EU 2023a).

After the European Parliament plenary adopted the proposal for a Directive of the European Parliament and of the Council on energy efficiency (recast) on 11 July 2023, and the Council endorsed the previously agreed final legislative text on 25 July 2023, the law is formally adopted (European Parliament 2023c). It will now be published in the EU's Official Journal and enter into force 20 days later.

5. Conclusion

The 2012 EED was expected to achieving energy efficiency improvements of at least 20% by 2020. The Directive was revised in 2018 to deliver on the EU's objective of reaching energy efficiency improvements of at least 32.5% by 2030, with each EU Member State being required to deliver higher annual energy savings obligations (0.8%). The 2018 Energy Efficiency Directive set a target of reducing both, primary and final energy consumption, by 32.5% by 2030 at EU level, compared with the energy consumption forecasts for 2030 made in 2007.

However, the European Green Deal and the new, elevated 2030 mid-term GHG emission reduction target of a 55% reduction, based on 1900 levels, made a recast of the Energy Efficiency Directive (EED) as part of its Fit for 55 package necessary. As agreed by the co-legislators, the EED recast supports an increased and binding EU energy efficiency target of 11.7% in 2030, based on the projections of the 2020 Reference Scenario. While under the REPowerEU plan, the Energy Efficiency Target was set at 13% compared to the 2020 Reference Scenario, the European Parliament and the Council agreed on a final 11.7% target, which is less ambitious than envisaged by the REPowerEU plan, but more ambitious than the Commission's originally proposed 9% target.

Member States are also required to achieve cumulative annual end-use energy savings for the energy consumption of at least 1.3% from 1 January 2024, increasing to 1.5% from 1 January 2026 and reaching 1.9% from 1 January 2028.

The revised new Energy Efficiency Directive also introduces the principle of energy efficiency first as a legal requirement, which includes the obligation to introduce energy efficiency measures and measures against energy poverty in long-term regional and local planning.

The introduction of an annual energy consumption reduction target of 1.9% for the public sector is considered being a significant improvement. It is introduced together with the annual 3% buildings renovation obligation, which is extended to regional and local levels of public administration. The public sector can be expected to play an exemplary and driving role in the development of energy efficiency, with the target of achieving the at least 1,9% annual reduction in energy consumption.

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