



EUROPEAN COMMISSION

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C(2017) 5492 final*

Dear President,

The Commission would like to thank the Senato della Repubblica for its Opinion on the proposal for a Directive of the European Parliament and of the Council amending Directive 2012/27/EU on energy efficiency {COM(2016) 761 final}, which also touches upon issues covered by the proposal for a Directive of the European Parliament and of the Council amending Directive 2010/31/EU on the energy performance of buildings {COM(2016) 765 final}.

These proposals were adopted by the Commission as part of the 'Clean Energy for All Europeans' package, which includes important legislative and non-legislative measures to achieve the objectives of the Energy Union and, in particular, the Union's 2030 targets for energy and climate. These measures are designed to put energy efficiency first, achieve global leadership in renewable energies and provide a fair deal for consumers.

In proposing these measures, the Commission is delivering on the promise in its 2015 Work Programme to adopt a Strategic Framework for the Energy Union setting out the key actions to be taken in order to ensure energy supply security, reduce dependence on imports from third countries, further integrate national energy markets, improve the participation of consumers, enhance energy efficiency, decarbonise the energy mix and promote research and innovation in the energy field.

Setting an ambitious, but achievable target of 30% for energy efficiency in 2030 would demonstrate Europe's readiness to assume a leadership role and give a renewed impetus to meeting the European Union's commitment to reduce greenhouse gas emissions by 2030 and beyond.

*Mr Pietro GRASSO
President of the Senato della Repubblica
Piazza Madama, 1
IT – 00186 ROMA*

The Commission welcomes the Senato della Repubblica's broad support for the aims of the proposals and notes its concerns relating to some of their elements. In that regard, the Commission is pleased to have this opportunity to provide a number of clarifications regarding the proposals and trusts that these will allay its concerns.

The Commission confirms that the 30% energy efficiency target for 2030 is an ambitious target, which is fully in line with the European Council Conclusions of October 2014. The target represents a balanced and realistic combination of costs and benefits. The binding character, as proposed by the Commission, would ensure greater commitment by the Member States and greater assurance for investors to take long term decisions.

Focusing on the European building sector, the proposal amending the Directive on the energy performance of buildings aims at tapping the significant potential of buildings in terms of energy efficiency with a view to achieving the 2050 overarching objective on the decarbonisation of the economy. To this end, the proposal places a particular focus on the acceleration of the cost-effective renovation of existing buildings, with the aim of tapping the huge energy efficiency potential of the European building sector. To achieve this objective, the Commission's strategy is twofold. On the one hand, it aims at setting a supportive regulatory framework, including through the proposal amending the Directive on the energy performance of buildings. On the other hand, it aims at inducing rapid changes and creating favourable conditions for financing building renovation, already in the short term. In this context, the Commission has launched as part of the Clean Energy for All Europeans package a 'Smart Finance for Smart Buildings' initiative to unlock private investments in energy-efficient renovation on a larger scale.

In response to the specific questions raised in the Opinion, the Commission would like to refer the Senato della Repubblica to the attached annex.

The points made in this reply are based on the initial proposals presented by the Commission, which are currently in the legislative process involving both the European Parliament and the Council.

The Commission hopes that the clarifications provided in this reply address the issues raised by the Senato della Repubblica and looks forward to continuing the political dialogue in the future.

Yours faithfully,

*Julian King
Member of the Commission*

ANNEX

The Commission has carefully considered each of the issues raised by the Senato della Repubblica in its Opinion and is pleased to offer the following clarifications.

On the proposal amending Directive 2012/27/EU on energy efficiency

The Commission considers that the 30% energy efficiency target for 2030 represents a balanced and realistic combination of costs and benefits. Although a target higher than 30% would bring more benefits, significantly higher investments would be needed and the modelling exercise showed higher energy system costs in the medium and long term. A 30% energy efficiency target will lower the costs of decarbonisation, as energy efficiency pays back in the long run. It will reduce energy bills and improve the living conditions of households. It can also improve the competitiveness of companies. Moreover, the Commission proposes to make the 30% target binding at European Union level, which would ensure greater commitment by the Member States and greater assurance for investors to make long-term decisions.

As regards the Senato della Repubblica's observations on Article 7 of the proposal, the Commission recalls that Member States have significant flexibility as to the way in which they achieve energy savings, which enables them to take into account national conditions and specificities. Member States may decide between setting up an energy efficiency obligation scheme and using alternative measures, such as taxation, or a combination of both. Member States may also decide on which sectors they want to focus, so that national circumstances can be taken into account. Moreover, the national context is considered when calculating the savings requirements. Article 7 of the proposal would also ensure flexibility with regard to how the energy savings would be phased in over the whole obligation period (2021- 2030) as long as the total amount of required energy savings, calculated by the Member States, is achieved by the end of the obligation period. The Commission did not consider it appropriate to set up a mechanism based on energy-intensity in the context of Article 7, because such intensity evolves over time, depending on economic trends, and this could result in more stringent goals as the economy grows.

The Commission would like to stress that the proposed changes to Annex V of the Directive on energy efficiency would simplify the current rules for the energy efficiency renovation of existing buildings (point 2)b) in order to allow counting the full amount of savings measured as the difference between the energy consumption before the energy efficiency improvement measure and after. It should be noted in that regard that the current Directive on energy efficiency provides that Member States shall take into account the cost-optimal level defined in accordance with Directive 2010/31/EU on the energy performance of buildings and may only count energy savings above that level. The rules also allow counting the full amount of savings in the case of policies promoting the acceleration of uptake of more efficient products and vehicles until the average expiry of the product being replaced (after that the European Union in minimum energy efficiency requirements should apply as listed in point 2(c) of Annex V, e.g. on Ecodesign and CO₂ emissions for cars).

As regards the Senato della Repubblica's concerns on energy audits in Article 8 of the Directive on energy efficiency, the Commission did not consider it appropriate to amend that provision in the context of the current revision, since the experience gained with its application is still very recent and since the review of the Directive on energy efficiency is limited to making the necessary updates in view of the 2030 framework. The Commission notes the issues raised by the Senato della Repubblica concerning the costs of auditing for very small sites or companies with low energy consumption. The Commission considers that the current provision in Article 8 already provides sufficient flexibility to ensure that those aspects can be addressed in the national implementation phase. To address Member States' concerns, the Commission has also initiated a process to work with national authorities to prepare an updated guidance document on Article 8. The guidance would include methodologies to improve the cost-effectiveness of the energy audit requirements, by issuing guidelines for methodologies to be defined and applied by the national authorities dealing with energy audits.

As regards the observation made by the Senato della Repubblica on Articles 9 to 11 of the proposal, the Commission recalls that the requirement that new meters and heat cost allocators must be remotely readable as of 2020 is perfectly feasible and in line with market trends that already go in this direction. The proposal merely consolidates this market trend.

As regards the provision on a 10 year deadline for all devices to be replaced or equipped with a remote-reading capability, the Commission considers that this is sufficient time for it to happen through natural replacements since meters and heat cost allocators are anyhow typically changed within such a period. Heat cost allocators normally use batteries that need to be changed at least every 10 years, and national calibration requirements for hot water or heat meters typically also imply their replacement for periods no longer than 10 years.

Finally, the Commission did not propose amending Article 5 when presenting the Clean Energy for all Europeans package, and has not analysed the impact of extending the scope of that provision. In that regard, the Commission recalls that when it presented the initial proposal for the Directive on energy efficiency in 2011, the Commission did in fact propose that the requirement should apply to the public sector as a whole. However, the outcome of the negotiations at that time was that the requirement should only apply to the central governments and under specific conditions. This, in the Commission's view, entailed a substantially lower level of ambition on the part of the Member States.

On the proposal amending Directive 2012/31/EU on the energy performance of buildings

With reference to the points raised by the Senato della Repubblica in relation to the provisions on electro-mobility in the proposal on the energy performance of buildings, the Commission recalls that Battery Electric Vehicles and Plug-in Electric Vehicles, taken together, are expected to increase to between 32 and 52 million vehicles by 2030 (depending on the scenarios, in particular with respect to the development of vehicle efficiency standards) as highlighted in the Commission's non-paper on Electric vehicles recharging infrastructure in the proposal on the energy performance of buildings¹. This means that, under conservative assumptions, a minimum of 35 million recharging points will be needed by 2030 in the European Union. This figure should be compared to the 3.11 million recharging points, which would be mandated by the proposal by 2030: this would represent less than 10% of the required recharging infrastructure. This shows that the ambition of the proposal is proportionate and relevant for the European Union as a whole: in Member States where penetration of electric vehicles is developing more slowly, the provisions would boost the market by contributing to consumer awareness and acceptance, while in front-runner Member States – like Italy – the obligation would only contribute to a small part of the required infrastructure and would leave flexibility for Member States to calibrate the developments of their infrastructure.

Raising the share of parking spaces equipped with charging points above 20% would be less proportionate than the 10% target advocated in the proposal. The reason is that the development of electro-mobility in the European Union is likely to be contrasted across Member States in terms of breadth and pace. The 10% target would ensure a minimum level of development of the infrastructure, but would leave sufficient flexibility to Member States to adapt it to their national and local needs.

The Commission considers that the potential benefits of electric vehicles with regard to local renewable energy sources are obvious. Combined with demand response schemes, the storage capacity from electric vehicles can be leveraged to consume renewable electricity when it is available while limiting consumption at peak load times. This translates into an optimal use of the electricity generated from renewables – in particular on-site for self-consumption – and lower energy bills for individual consumers, which constitutes a clear incentive to charge electric vehicles with renewable energy sources. As regards the calculation of building energy performance, Annex I of the proposal on the energy performance of buildings makes clear that the electricity used to charge electric vehicles is not part of buildings' energy needs. Taking this additional consumption into account would not be technically justified, since it would not strictly speaking relate to the usage of the building.

¹ WK 4874/2017 INIT, of 28 April 2017.

The Commission also recalls that energy performance certificates are an integral part of the Directive on the energy performance of buildings, aiming at informing building owners, occupiers and property actors about the energy performance of buildings and ensuring practical ways of improving their energy efficiency.

In that regard, the purpose of the proposal for a new Article 10 is to ensure a link between financial support and the quality of renovation measures whether major or minor. That proposal is based on the argument that energy performance certificates have proven to be a very useful market tool in many Member States, mainly in the residential sector. Energy performance certificates can not only be a valuable source of information for the building owner regarding cost-effective measures but can also be an important tool for evaluating and monitoring the renovation rate of the building stock and for developing national refurbishment strategies. In fact, energy performance certificates should become a requirement for a more effective financing of renovations, especially through European Structural and Investment Funds, which was also a conclusion drawn by the Commission report on financing energy renovation²). The Energy Efficiency Financial Institutions Group has also highlighted the importance of energy performance certificates for making financial decisions including loans³.

The Commission fully agrees with the Senato della Repubblica that the quality assurance of energy performance certificates is necessary, as the higher the quality of these certificates, the more credible they are. An important step has been made with the introduction of an independent control system in the scope of the proposal. More can be done, for instance, by ensuring the qualification of certifiers and by using intelligent tools for the quality check and plausibility of data from energy performance certificates.

² COM(2013) 225 final.

³ Energy Efficiency – the first fuel for the EU Economy, How to drive new finance for energy efficiency investments (FINAL REPORT covering Buildings, Industry and SMEs), Energy Efficiency Financial Institutions Group, February 2015 – available at <http://eefig.eu/index.php/the-eefig-report>.