



EUROPEAN COMMISSION

*Brussels, 11.3.2022
C(2022)1406 final*

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Dear President,

The Commission would like to thank the Senat for its Opinion on the proposal for a Directive of the European Parliament and of the Council on energy efficiency (recast) {COM(2021) 558 final}.

The Commission appreciates the Senat's support for the catalogue of the measures proposed and the proposal's contribution to accelerating the transformation and increase the energy efficiency of buildings. The Commission has carefully analysed the issues raised by the Senat.

The Energy Efficiency Directive, together with the other EU energy and climate legislation is key for ensuring a green and fair transition that leaves no one behind. Energy efficiency policies are crucial for reducing greenhouse gas emissions in a cost-effective way and contribute to environmental, climate, economic and social benefits, including job creation, economic growth, alleviation of energy poverty, better living conditions and air quality, reduced energy bills and better health. Energy efficiency is a precondition to any successful decarbonisation policy and, as such, needs to be prioritised. Its essential contribution towards achieving the EU target to reduce net greenhouse gas emissions of at least 55% by 2030 is quantified in the Impact Assessment accompanying the Commission's Communication of September 2020 on Stepping up Europe's 2030 climate ambition ('the 2030 Climate Target Plan'¹).

Given the increased climate target, more energy efficiency efforts are required for 2030, in line with the assessment of the Climate Target Plan that estimated final energy consumption should be no more than 36-37% and primary energy consumption should not be more than 39%-41% compared to 2007 reference scenario projections. To this end, the Commission proposed, as part of the Energy Efficiency Directive recast, an increased binding EU energy

¹ COM (2020) 562 final

efficiency target of 9% for 2030 compared to the Reference scenario projections of 2020² (which equals the estimated efforts in the Climate Target Plan).

At the same time, the Commission concluded, on basis of the Impact Assessment accompanying the proposal for the Energy Efficiency Directive recast, that the proposed modifications for an increased energy efficiency target do not go beyond what is necessary, feasible and cost-effective to achieve the objectives to reach the higher energy efficiency ambition in view of the increased climate target for 2030. Therefore, the amendments are proportional to the required Union ambition. The studies and modelling instruments demonstrate the untapped energy savings potentials across the Member States. In addition, even though the proposal for the Energy Efficiency Directive recast contains the increased EU energy efficiency target, Member States retain a significant level of flexibility on how the new EU target can be achieved. Member States shall calculate their national contributions based on a formula setting benchmarks for their level of ambition, but national contributions remain indicative. In addition, Article 4(2) of the proposal provides flexibility for Member States to take into account national circumstances when setting their contributions and the indicative trajectory for these contributions.

The proposal for a recast of the Energy Efficiency Directive aims to further empower and protect vulnerable customers and final users and those affected by energy poverty. The proposal includes strengthened requirements on awareness raising and information provision to empower and engage consumers to participate in energy efficiency improvements and interventions. The Energy Efficiency Directive, among others, requires implementing and financing energy efficiency improvement measures as a priority among vulnerable customers, people affected by energy poverty and, where applicable, people living in social housing, to alleviate energy poverty. The Impact Assessment on the Energy Efficiency Directive recast has shown that the alleviation of energy poverty should be a priority action under the Directive. Energy efficiency is considered the most effective solution to alleviate energy poverty and to overcome some of the potential negative distributional impacts of pricing measures.

To address social effects of the transition and support the implementation of the measures, the 'Fit for 55 Package' proposes specific measures under the Energy Efficiency Directive and a new funding instrument, the Social Climate Fund. The Fund should provide support to the Member States, so that they could finance a coherent set of measures and investments to address the social impacts on the most vulnerable from the proposed new Emission Trading System for buildings and road transport. The new financing instruments should encourage Member States to invest inter alia in energy efficiency measures specifically targeted to vulnerable consumers and to alleviate energy poverty, for example through building renovations. It is key to ensure that energy efficiency investments take place amongst the most

² The Union's energy efficiency target was initially set and calculated using the 2007 Reference Scenario projections for 2030 as a baseline. The change in the Eurostat energy balance calculation methodology and improvements in subsequent modelling projections call for a change of the baseline. Thus, using the same approach to define the target, that is to say comparing it to the future baseline projections, the ambition of the Union's 2030 energy efficiency target is set compared to the 2020 Reference Scenario projections for 2030 reflecting national contributions from the National Energy and Climate Plans.

vulnerable in our society, be it from national public funding, private funding or funding at EU level.

The Commission takes the concerns expressed by the Senat regarding the Polish district heating sector in light of the climate and energy policy objectives seriously. The Commission acknowledges the importance of this issue for Poland, which has also been the subject of several meetings with the Polish authorities at working level to explain and discuss the proposal with a view to understanding the potential challenges that might be encountered in upgrading district heating systems in Poland. The proposal for the Energy Efficiency Directive recast requires emissions reduction be achieved in district heating but also in individual heating systems of households, by not favouring markets where either district or individual heating is dominating. When assessing the impacts to the heating and cooling sector, Member States' analysis should cover various types of heating and cooling (Annex IX, Part III Energy Efficiency Directive recast). This is also the principle, on which the policy scenarios in the Impact Assessment accompanying the Climate Target Plan are based (at EU level).

The specific provisions proposed in the Energy Efficiency Directive recast – including tightened definitions of 'efficient district heating and cooling', 'high-efficiency cogeneration' and linked planning obligation for district heating systems to meet the definition of efficient district heating and cooling – are enablers for the clean transition in line with the decarbonisation objectives of the European Green Deal. A revision of the definitions is needed to ensure that any EU funding and state aid is used only for investments compliant with common climate and energy objectives. The proposal of the Energy Efficiency Directive recast does not prohibit other investments, but investments should take place in compliance with market conditions. While this approach creates the necessary conditions to incentivise energy efficiency investments in line with EU climate and energy objectives, the proposal does not prohibit business activity itself and investments in district heating systems, when the definition of efficient district heating and cooling is not met.

Given that the Energy Efficiency Directive puts forward the required Union ambition in line with the Climate Target Plan, any decrease in ambition – e.g. in the form of derogations and / or extended deadlines on behalf of a single or several Member States – may negatively affect the objectives of the Directive and its contribution to the 2030 climate objective. The achievement of the EU binding 9% energy efficiency target is a collective responsibility of Member States efforts and their national contributions. The Commission therefore strongly advises against derogations or extended deadlines to reach the targets.

The Commission agrees with the Senat in making a link between the proposed new emissions trading system for buildings and road transport and the use of its revenues including for the thermal rehabilitation and upgraded energy performance of buildings. The Commission has proposed a Social Climate Fund for which the financial resources, in principle, come from 25% of the expected revenue generated from the new emissions trading system. Each Member State shall submit to the Commission a Social Climate Plan including inter alia national projects to finance measures and investments to increase energy efficiency of buildings, to implement energy efficiency improvement measures, to carry out building renovation, and to decarbonise heating and cooling of buildings, including the integration of energy production from renewable energy sources (Art. 3(3) Social Climate Fund Regulation proposal). In

addition, Poland could also use the revenues accruing directly to it for measures empowering or protecting vulnerable customers (Articles 10(3)h of the Emissions Trading System Directive and 30d(5) of the proposal to amend it).

The Commission believes that the political dialogue with national Parliaments and their views are essential for bringing together the institutions and the citizens of the European Union for implementing the European Green Deal objectives in the most effective way. The Commission looks forward to continuing this dialogue with the Senat also in the future.

Yours faithfully,

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Vice-President*

*Kadri Simson
Member of the Commission*