



EUROPEAN COMMISSION

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Dear Chair,

The Commission would like to thank the Assembleia da República 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} and on 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 form part of a broader package of ambitious measures – the Clean Energy for All Europeans package – designed to provide a well-functioning and stable regulatory framework, yet flexible enough to adapt to the challenges the Union is facing. The package addresses key priorities set out in the Energy Union Framework Strategy: triggering investment, fostering innovation, integrating energy markets, empowering consumers and promoting a truly European approach to energy policy.

The Commission is pleased that the Assembleia da República shares the view that action at EU level, as envisaged in the proposals, is required in order to adapt the current policy framework to the 2030 horizon. As underlined by the Assembleia da República's Opinion, the objective of these proposals is to establish a stable and clear framework to facilitate and support the energy transition in the Union, while leaving enough flexibility for Member States to define and implement the strategies most suitable to their national context and situation.

The Commission would like to highlight that a key objective of the proposal amending the Directive on the Energy Performance of Buildings is to accelerate the cost-effective renovation of existing buildings, with the aim to tap the huge energy efficiency potential of this sector. To achieve this objective, the strategy of the Commission is twofold. On the one side, there is the need to have a supportive regulatory framework, including through the proposal amending the Directive on the Energy Performance of Buildings. On the other side, 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 and with the aim to induce rapid changes and to address renovation financing in the short term.

This initiative will build on three complementary pillars. The first one is the more effective use of public funds by further deploying financial instruments and by better targeting

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subsidies towards the most vulnerable consumers or specific market failures. The second one is to support the development of bankable projects by helping project promoters – public authorities, individuals or businesses – have the capacity to set up, implement, aggregate and finance ambitious energy efficiency projects. The third one is to help financiers and investors consider energy efficiency investments as a specific market segment offering clear incentives and new business opportunities. This initiative will therefore provide the financing community and project promoters with access to reliable and accurate data on the risks and benefits of energy efficiency investments, based on market evidence and performance track record. This will ensure that the lower probability of default in the case of energy saving loans, or an increased value of assets due to higher energy performance, is better reflected in the pricing of offered financing products. Furthermore, it will support the joint development of a commonly accepted framework for the underwriting of investments.

As part of the first pillar, and in order to facilitate energy efficiency investment in public assets, Eurostat is analysing in close cooperation with the Member States, the impact of public accounting rules on the market for energy performance contracting and, as appropriate, will update its guidance on the statistical treatment of such partnership. The intent is to allow, under certain conditions, investing in energy efficiency without increasing public debt, which is of key importance for governments as well as local and regional authorities facing budgetary constraints.

The Commission fully supports the priority set by the Portuguese Government on ensuring energy security and sustainability and agrees with the Assembleia da República that renewables, competitiveness and energy efficiency are among the key enablers to a sustainable energy future.

Discussions between the Commission and the co-legislators concerning the proposals are now underway and the Commission remains hopeful that an agreement will be reached in the near future in line with the objective set out in the Joint Declaration on annual interinstitutional programming for 2017.

The Commission hopes that the clarifications provided in this reply address the issues raised by the Assembleia da República and looks forward to continuing the political dialogue in the future.

Yours faithfully,

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First Vice-President*

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