



EUROPEAN COMMISSION
IMPACT ASSESSMENT BOARD

Brussels,
D(2011)

Opinion

Title **DG ENER - Impact Assessment for an Energy Efficiency Directive/Regulation**

(Resubmitted draft: version of 19 April 2011)

(A) Context

The Energy Services Directive (2006/32/EC) and the Co-generation Directive (2004/8/EC) were follow-up measures to the Energy Efficiency Action Plan adopted in 2006 (COM(2006)545) that set the indicative target of reducing energy consumption by 20% by 2020. This target has been confirmed in the new Energy Efficiency Plan 2011 (COM(2011) 109 final). This impact assessment provides analysis for the revision of the two above-mentioned directives, with the aim of bringing the measures needed to achieve the 20% target in 2020.

(B) Overall assessment

While the report has been improved along the lines of the recommendations issued by the Board in its first opinion, a number of important aspects should be further strengthened. Firstly, the report should more clearly identify the reductions required from each sector covered by the current directives, and other sectors, to achieve the overall 20% savings target. The report should address the problems with the current framework in particular the Combined Heat and Power (CHP) Directive. The report should provide a more detailed explanation as to why enforcement of the current provisions of the two directives was not possible, and how this will be remedied through the proposed changes. It should also include further clarification on the economic impacts in particular investment levels, benefits and costs. The report should be clearer on the interaction between the existing requirements, which are to be maintained, and the new measures. The report should better reflect different stakeholders' views throughout the document for all levels of policy options.

(C) Main recommendations for improvements

(1) Further develop the problem definition. While the revised report now better describes the contributions of the various sectors to the target energy savings, it should

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further clarify how the 20% saving will be achieved and what the contribution of the new proposal is. The relationship between the current 9% target and the 20% target should be clearer. The report should also clarify whether the 9% target is expected to be achieved. The problems with the current framework need to be better explained, in particular in relation to the CHP Directive. For example, the report claims that the problem does not lie with the current instruments themselves but rather with their inconclusive wording. However, according to the CHP evaluation the reasons for poor implementation go beyond ineffective soft provisions in the directive itself including issues such as heating costs for poor households, other more attractive investment possibilities for businesses, as well as national level barriers such as building regulations or cultural factors. The report should also substantiate the statement that the Renewable Energy Directive has hampered the market for CHP technology. The report should elaborate further on why enforcement action was not possible. The report should be clear on why it is necessary to propose new measures now in light of the fact that Member States are expected to submit their National Energy Efficiency Action Plans (NEEAPs) in June 2011. The effect of targets (renewables and carbon) for 2020 on energy consumption should be elaborated.

(2) Better present the intervention logic and improve the design of options. The report should be clearer on how the proposed measures address the underlying problems particularly those related to the CHP Directive. The relationship between the proposed new measures and measures already in place up to 2016 should be better explained. In particular Option A3 foresees the retention of the current target in parallel with a simultaneous requirement to set a legislative requirement for Member States to adopt an overall indicative target for 2020. The difference between Option A1 (status quo) and Option A3 should be clearer in the text and the discretion left to Member States further clarified.

(3) Improve the assessment of impacts. While the analysis of investment and costs has improved, the report should still provide a much better assessment of the costs and benefits including a summary table of the upfront investment costs of options and of who will bear these costs. For example, the assessment of energy audits should further analyse the impacts on larger companies for which mandatory audits are proposed, thus providing greater insight on the investments, benefits and costs for this target group. The report should also clarify the impacts on different categories of households. Table 27 should be supported by a description of which sectors are to experience the greatest impacts (putting the figures in a context). Similarly table 26 should present costs and benefits separately. Some explanations should accompany the presentation of the results by geographical area in tables 24 and 25. A more in-depth analysis of the administrative costs is still largely missing and should be provided in particular of the additional burdens arising from these measures compared to burdens already arising from the Emission Trading Scheme. The EU standard cost model should be used for measuring any significant administrative burdens.

(D) Procedure and presentation

The different positions of the stakeholders need to be recalled throughout the report, not only in the summary section. The final report should better explain how the Board's recommendations have led to changes compared to the earlier draft. The Executive Summary should be fully aligned with the main text by presenting the main options in addition to the preferred approach.

(E) IAB scrutiny process	
Reference number	2011/ENER/004
External expertise used	No
Date of Board Meeting	Written procedure The present opinion concerns a resubmitted draft IA report. The first opinion was issued on 15 April 2011.