

# CELMA answers to the public consultation on the revision of the EU Energy Efficiency Action Plan

## August 2009

### 1. General questions

In the context of this evaluation and the preparation of the envisaged new Energy Efficiency Action Plan, the Commission is open to re-evaluate its present legislation and policy portfolio.

1.1. The Action Plan for Energy Efficiency of 2006 identified 6 key areas and proposed 10 priority actions (out of a total of 85 actions and measures). Which of the actions and measures of the 2006 EEAP should be continued / redefined / discontinued, and why? (Max. 4000 characters) (optional)

*Over 40% of primary energy is used in buildings in Europe and buildings offer the biggest potential cost-effective savings. Therefore, buildings should be the main priority area under the EU EEAP review.*

*Priority Action 1: Appliance and equipment labeling and minimum energy performance standards*

*The Regulations to the EuP directive will ensure the availability of efficient lighting products in the market place for all lighting schemes in the Tertiary sector lighting. But all too often these products are put into service in poorly designed and operated lighting installations that will lead to bad lighting conditions and waste in energy.*

*When these EuP products are put into existing installations they, can yield some 15% improvements in energy efficiency. However, properly designed replacement lighting scheme will not only improve the effectiveness of the lighting in terms of quality and quantity, it can result in up to 70% reduction in the energy used. To reach this saving potential it is of fundamental importance to introduce a Lighting System Legislation (LSL) for new and refurbished schemes.*

*Priority Action 2: Building performance requirements and very low energy buildings*

*The current EPBD only requires from Member States to set requirement levels, without specifying the minimum requirement levels. In practice this means that the EPBD can be implemented without resulting in more severe requirements than those previously used.*

*Therefore proposals under this action point as mentioned below have to be completed and should be prioritised immediately as they will contribute significantly to improving the EU's building stock on energy use:*

- minimum performance requirements (in kWh/m<sup>2</sup>/year) for new and renovated buildings;*
- Commission setting an example with its own buildings.*

*Priority Action 5: Facilitating appropriate financing of energy efficiency investments for small and medium enterprises and Energy Service Companies*

*More needs to be done to remove barriers to funding for energy efficiency in buildings. In many cases, the funding is available but not being accessed or accessible to those carrying out energy saving works.*

*Priority Action 7: A coherent use of taxation*

*A Commission proposal should be presented allowing all Member States to apply the lowest rate of VAT for energy saving products and services in buildings.*

*Priority Action 8: Raising energy efficiency awareness*

*It is important to improve the knowledge on Energy Efficiency by education and training. This will help in getting used to for example calculation methods.*

*Priority Action 9: Energy-efficiency in built-up areas*

*This is an important area which and it is essential to continue this action as a priority area.*

1.2. Which new challenges have emerged since 2006 and should be addressed in the new Action Plan for Energy Efficiency? (Max. 4000 characters) (optional)

*Europe needs to get serious about tackling the energy use of its buildings. An increased level of action is necessary to match the political agreements of EU and global leaders of a 50% cut by 2050. This review should act as the 2020 milestone for reaching this 2050 goal.*

## 2. Specific questions

Please provide an answer to each of the following questions and, if possible, justify it by quantifying the environmental, social and economic impacts.

2.1. The existing Energy Performance of Buildings Directive (2002/91/EC) and its recast, as well as other relevant legal acts, go a long way for introducing ambitious but realizable energy performance requirements for buildings and increase consumers' awareness. However, much more can be done. (compulsory)

Answer: YES

How do you assess the need for moving towards a requirement that all new buildings have low or zero energy consumption and carbon emissions after certain date? (Max. 4000 characters) (optional)

*Several Member States have introduced a definition of very low energy building to be used as the minimum requirement for new buildings. The technology exists today to build new structures to a very high energy efficiency standard; therefore setting a trajectory now for moving towards this standard is imperative.*

*CELMA calls on the Commission to mandate Member States to develop a national strategy to make low or zero energy consumption and carbon emission buildings the default standard by 2020 at the latest. Many Member States already have in place more ambitious targets than 2020 - therefore, this target is perfectly realistic.*

*Given an ambitious 2050 target, there is a strong need for accelerated action towards the existing building stock, given that over 50% of that stock will still be standing in 2050. The Commission should require Member States to develop a mandatory roadmap for upgrading its existing building stock to a low energy use level.*

How do you assess the need for introducing an EU level measures concerning training of architects, builders and installers? (Max. 4000 characters) (optional)

*While training activities are a largely national competence, the Commission does have a leadership role to play in spreading best practice and providing finance to stimulate such activities. The EU should ensure mutual recognition of training programmes across Europe as well as harmonised accreditation of inspectors and assessors. European funds could also be used to finance training activities at national level.*

What other measures at EU level need to be undertaken? (Max. 4000 characters) (optional)

*1. Key factor - financing of energy efficiency measures:*

*Gaps remain in the access to funding and the different funding mechanisms that are available or could be put to use by Member States. This missing link needs to be tackled at EU level.*

*Member States should be required to implement two or more financial instruments for stimulating energy efficiency investment from an agreed list of workable measures. The EU could also develop a system for financing smaller investments.*

*2. Best practice sharing:*

*The Commission should play a role in bringing the different players in the building value chain together. To provide a platform for dissemination, education and sharing of best practice. The building value chain is composed mainly of SMEs which do not have the capacity to do this. The mechanism to gain valuable experience in this area and transfer this to less-experienced Member States should be developed at EU level.*

*3. Removing administrative barriers for energy performance contracting:*

*There is an opportunity in creating and encouraging demand for energy performance contracting (EPC) by energy service companies (ESCOs). EPC is the primary third party financed energy reduction method employed in Europe but it is currently under-utilised despite being stated explicitly in legislation such as the ESD. An ESCO contract should be over multiple years (e.g. 10 years or more) with no up-front investment costs and aimed at the existing building stock where the biggest energy saving potentials are located.*

*Operators in public sector (ministries, hospitals, schools, universities etc) need to have a strong incentive of being certain that they will retain the financial benefits of reduced energy costs and not just see their efforts translated into budget reductions; they also need to be able to engage in long-term contracts.*

*One reason why many Member States are not promoting it is because they don't know what it is or how it works. More needs to be done to promote and explain the many benefits of EPC and ESCOs to Member States. Essential action, apart from raising the awareness of energy performance contracting, is to address accounting and budgeting rules that prevent or discourage EPCs.*

*Both these critical factors are often impossible to realise due to budgetary and accounting rules; and Member States need to remove such administrative barriers so there is a real incentive to engage in long-term partnerships with ESCOs. Similarly, in the private sector the benefits of avoiding up-front costs in refurbishing existing building stock is discouraged by taxation rules that impose liabilities from the start and greatly shorten the potential timescale of ESCO contracts - typically only two to three year pay back periods with limited energy gains are possible, instead of much greater energy reduction potentials that can be realized over a ten year period.*

*All Member States should (mandatory) integrate measures to encourage ESCOs in their national energy efficiency action plans. This could be strengthened in the foreseen revision of the Energy End-use and Energy Services directive (ESD).*

2.2. Sustainable transport and energy consumption of cars is currently addressed in the Greening transport package (COM(2008)433), the Regulation on Emission performance standards for new passenger cars (COM(2007)0856), the proposed Directive on labelling of tyres (COM(2008)0779), the proposal on greening car taxation (COM(2005)261) and the 'Green Cars' initiative. The Commission is also working on a proposal on light commercial vehicles and a revision of CO<sub>2</sub>/cars labelling. Do you consider that additional measures at EU level need to be undertaken? (compulsory)

Answer: NO OPINION

2.3. The Eco-Design (2005/32/EC) and Energy Labeling (92/75/EEC) framework Directives are significant steps as regard to product policy. A number of implementing measures have been already or are soon to be adopted and the ongoing amendments of the two Directives provide for their more ambitious and wider application. Do you consider that additional measures can be taken forward in order to increase the impact of these instruments? (compulsory)

Answer: YES

In your view what should these measures be? (Max. 4000 characters) (optional)

*CELMA thinks there is a need for having a lighting specific legislation that goes beyond the Energy using Products (EuP) regulations that are currently transposed in the Member States. This Lighting System Legislation (LSL) shall specify the requirements for the design, installation, operation and maintenance of energy efficient lighting schemes in the tertiary sector lighting (covering both indoor and outdoor lighting).*

*Lighting System Legislation shall give designer's freedom to explore new techniques and innovative solutions and shall fit as much as possible in existing design processes and national legislation.*

Justification

- *EuP is about Energy Efficiency of products;*
- *LSL is about putting EuP into service resulting in significant Energy Saving;*
- *Claim: Lighting System Legislation will triple the savings of existing EuP regulations.*

2.4. Lack of access to appropriate financing is an important bottleneck for making a real step forward in our ambitions on energy saving. Innovative financing instruments are now being developed by institutions such as EIB, EBRD, national promotional banks and private banks in particular in association with the Covenant of Majors initiative. Demonstration projects of the application of energy efficient technologies in a competitive manner, e.g. 'smart cities', could also be considered. Do you think other financing measures at EU level are needed? (compulsory)

Answer: YES

What best mechanisms and ways forward where the EU value added can be substantial would you recommend? (Max. 4000 characters) (optional)

*A large source of funding for energy efficiency is from the European Investment Bank. Unfortunately barriers exist between the EIB and local banks. The Commission should investigate the reasoning behind the barriers and offer suggestions for removing.*

*Energy Performance Contracting (EPC): enables private and public sector organisations to make major improvements to their building estates and resulting large reductions in energy and carbon emissions without the need to provide up-front capital or impact existing budgets. Utilising the expertise of existing qualified ESCOs - both technically and in financing EPCs, enables city and Member State wide to embark on major improvement programmes today and so should be supported and promoted.*

*The new BUILD-UP portal should be used as a mechanism to provide information to the necessary actors on the different finance mechanisms for energy efficiency.*

2.5. Well targeted fiscal incentives could be a driver for energy efficiency investments and innovation. The EU has already taken measures to make it easy for Member States to allow for more advantageous VAT rates for some labour-intensive services, such as renovation and repairing of private dwellings. Do

you consider that additional measures at EU level need to be undertaken to shape consumer choices? (compulsory)

Answer: YES

In your view what these measures should be? (Max. 4000 characters) (optional)

*Currently, over 30% of EU Member States apply a lower VAT rate for energy consumption than for energy conservation, which does not support the agreed 2020 objectives. The Commission should present a proposal allowing Member States to apply the lowest rate of VAT for energy saving products and services in buildings.*

*In order to push the building market towards EU goals, the Commission could connect lower VAT rates to higher-performing buildings and components.*

2.6. Education and training on energy efficiency are vital ingredient of a successful energy efficiency policy. These were already mentioned above regarding buildings but the challenge is much broader. Do you consider that measures/actions at EU level to catalyze training at school and university level should be undertaken? (compulsory)

Answer: YES

In your view what should these measures be as regards different target groups? (Max. 4000 characters) (optional)

*Concrete steps should be taken to ensure that all relevant technical courses, particularly for the construction industry, include a full understanding of the holistic benefits of improving energy efficiency in all parts of a building. Those acquiring specialist training on a specific product/system within a building should also be provided with training regarding all energy efficiency aspects of a building - potential fabric improvements, lighting and glazing. All training programmes should include an understanding of the overall energy efficiency context.*

*The Commission should require that all Member States implement technical courses for buildings and that all building design courses should have an energy efficiency element.*

2.7. Awareness of final consumers on energy savings possibilities and their benefits is still low. This in particular concerns domestic consumers and SMEs. Some actions to target different groups are already undertaken at national and EU level. For example, the Sustainable Energy Europe Campaign is focusing on grouping social stakeholders and market actors to undertake joint action. Do you think that further communication action at EU level is needed? (compulsory)

Answer: YES

Which would be the content of such a communication strategy as regards each of the target groups concerned? (Max. 4000 characters) (optional)

*Communication is valuable and should continue in whatever way possible. However, it should be recognised that communication strategies can often bring limited achievements. The lighting industry is a perfect example of this. Despite spending billions on communication campaigns to compel consumers to buy more energy efficient light-bulbs voluntarily, a market penetration of just 20% was seen. As a result, the EU has now banned all incandescent light-bulbs. When it comes to energy efficiency in buildings, ambitious mandatory targets and measures are imperative.*

2.8. Furthermore, small and medium size companies (SMEs) are the backbone of EU's economy as they make up more than 99% of all firms and employ 67% of the EU's workforce but may need more support for implementing energy saving measures. Do you consider that specific measures to target SMEs are necessary? (compulsory)

Answer: NO OPINION

2.9. Public sector should lead by providing best practice examples. Positive progresses have been made under the voluntary Green public procurement policy and the proposals for mandatory procurement of energy efficient products in the framework of the recast of the Energy Labeling Directive. The leading role of public authorities has also been emphasized under the recast of Energy Performance of Buildings Directive proposal. Do you consider that further actions at EU level should be undertaken? (compulsory)

Answer: YES

What further actions would you suggest at EU level? (Max. 4000 characters) (optional)

*The lighting industry (CELMA) strongly supports Green Public Procurement (GPP) initiatives. Currently we are involved in the discussions on setting the right Street Lighting GPP criteria.*

*In relation to the EPBD CELMA thinks that a change in attitude is needed regarding public procurement practices for energy efficiency. EPBD is about buying energy saving, not products or services and public authorities need to play a role in changing mindsets to this way of thinking.*

*Via the National Energy Efficiency Action Plans each Member State should be encouraged to make an overall and systematic plan to renovate the public sector building stock. If resources are pooled to renovate multiple buildings at the same time, a higher cost-savings can be achieved. Scaling up in this way will not only bring the best economies of scale, but also of knowledge and best practice.*

2.10. The role of energy utilities can be substantial but at present they have insufficiently developed a market for energy efficiency services. Ways to create adequate framework conditions for this market to take-up in liberalized electricity and natural gas markets should be sought, possibly in cooperation with the Regulators. Do you consider that actions at EU level should be undertaken? (compulsory)

Answer: YES

In your view what should these measures be? (Max. 4000 characters) (optional)

*Energy companies must be encouraged to promote development of the delivery of energy efficiency.*

*In the UK there is a spear-head to use utilities for financing energy investments; a loan is attached to the utility bills of a building rather than a person. Secondly it should be made a requirement for all energy companies, before any new generation plant is built, to demonstrate to the government that a new plant is a more cost-effective option than helping private and public sector to save energy.*

2.11. Energy efficiency offers significant market opportunities. Do you consider that specific measures at EU level should be adopted to provide incentives for companies to enter these markets, in particular as regards SMEs? (compulsory)

Answer: NO OPINION

2.12. In relation to the above question do you consider that there is a need for the introduction of a EU-wide White Certificate scheme? (optional)

Answer: NO OPINION

2.13. The Directive on energy end-use efficiency and energy services (2006/32/EC) already provides for national indicative energy savings target which differs from the ones for renewables and for the greenhouse gas emissions. Giving the increasing priority for ensuring that investment in energy consumption reduction are made in all Member States do you consider that a move towards binding targets is needed? (compulsory)

Answer: YES

How should these binding targets be set up and at what level? (Max. 4000 characters) (optional)

*There is a need for an overall mandatory target for 2050 on energy efficiency for the building sector. This should be underpinned by an understood and clear definition of how energy efficiency is quantified and supplemented by secondary level targets in specific sectors.*

2.14. Measurement and verification of energy savings is essential aspect for monitoring the results of any measures introduced at national and EU level. Although some targeted measures are being implemented, do you consider that more systematic and harmonized approach at EU level is needed? (compulsory)

Answer: YES

In your view what should these measures be? (Max. 4000 characters) (optional)

*To provide consistency in approach and confidence for organisations implementing energy saving measures, a standard protocol should be supported and implemented for the measurement and verification of energy savings from Energy Performance.*

2.15. Energy efficiency should become a vector of international co-operation and a subject of international financing programmes, in particular regarding EU neighbouring countries. Do you agree with statement? (compulsory)

Answer: NO OPINION

### 3. Other remarks

3.1. Please add your additional remarks in the section below. (Max. 5000 characters) (optional)

*As mentioned under 2.3 the lighting industry is working on a proposal for a lighting specific legislation (Lighting System Legislation) that can triple the benefits of the current EuP regulations on Tertiary Sector Lighting. A mandate to the Commission to take appropriate steps towards adoption of a Lighting System Legislation would very much help in reaching the 20-20-20 objectives for 2020.*