Policy challenges with the implementation of Article 11 of the Energy Efficiency Directive and audits in companies

DEESME’s latest workshop gathered national authorities, policy makers, chambers and associations of companies to discuss the policy challenges since the Energy Efficiency Directive (EED) recast. This meant assembling effective policies for energy audits but also experience sharing between countries on the challenges and potential solutions.

What the recast of the EED means for companies

- The most intensive companies will be obliged to integrate Energy Management systems (EMS) and energy audits every 4 years.
- 24,000 out of 174,000 companies will be subject to Energy Management Systems.
- Member States can implement energy audit centres (for SMEs and micro enterprises) to provide audits and support schemes for SMEs.

Member States have to provide programmes that include:

- Support to SMEs in quantifying multiple benefits of energy efficiency measures.
- Develop energy efficiency roadmaps.
- Develop energy efficiency networks for SMES.

Additional criteria for energy audits:

- Identify energy efficiency measures to decrease energy consumption.
- Identify cost effective use or production of renewable energy.

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Effective policies for energy audits

Factors influencing the quality of audits
- Qualification of auditors
- Frequency and depth of audit quality checks
- Content and structural requirements of audit reports

Requirements for companies across Europe

Ireland developed an elaborate 64-page interactive PDF document that guides auditors and companies through the process of conducting an energy audit and reporting the results.

The Netherlands requires companies that spend more than 50,000 kWh of electricity or 25,000 m³ of natural gas to implement energy-saving measures with a payback time of 5 years or fewer under the Environmental Management Activities Decree. The regulation was implemented outside of the energy audit obligation.

In Germany, auditors are now required to attend regular trainings, where they must notify the national agency BAFA (EDL-G Article 8). Every two years, auditors will be required to complete 16 units of training (each 45 minutes) relevant to energy audits.

Observations and recommendations

The development of support systems is essential for SMEs. SMEs can be encouraged to conduct energy audits and adopt energy efficiency measures through a variety of support methods that are based on financial incentives or educational tools.

SMEs face limitations in resources as well, which is why it's critical to guide them towards the implementation of energy management systems or audits.

This process can be supported by passive facilitation e.g., by establishing lean application processes for funding schemes, or active facilitation e.g., by establishing peer networks or by offering individual consulting services.
2019 Survey results from SMEs contacted by KAPE

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<th>Manufacturing sector</th>
<th>Other sectors</th>
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<td>15% of companies performed an energy audit in the last 5 years</td>
<td>11% of companies performed an energy audit in the last 5 years</td>
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<td>35% of companies indicated that there is potential for energy reduction</td>
<td>30% of companies indicated that there is potential for energy reduction</td>
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37% of companies believe that investing in reducing energy consumption can be profitable

44% of companies don’t believe that reducing energy consumption can be profitable

Challenges identified by KAPE

- SMEs are more convinced by the economic aspect of energy savings than by the environmental aspect.
- After the pandemic, SMEs focus more on maintenance activities than energy efficiency measures.
- SMEs have very limited time to take additional actions – the message to get their interest should be clear and specific.

Solutions identified by KAPE

- Identify obliged companies, taking into account market developments.
- Improve the quality of energy audits to better reflect the cost-effectiveness of operations.
- Coordinate support mechanisms provided by different institutions and establish national mechanisms for SMEs.
- Raise awareness on the multiple benefits of energy efficiency.
Experience and feedback from Italy

Italian data on SMEs in 2022

- **99%** of Italian companies are SMEs
- **64%** of overall value added in the Italian ‘non-financial business economy’ is generated by SMEs
- **13% -29%** is the estimated share of energy consumption on GIC in Italy
- **30%** of companies indicated that there is potential for energy reduction

The Italian energy efficiency national awareness plan for SMEs

**2022-2023 Plan:** Training / information campaigns on energy efficiency for SMEs + support tools for SMEs

**2023-2024 Plan:** Continuation fo training/information campaigns + Dissemination to stakeholders on tools for SMEs

**Recommendations from policy makers**

- Increasing awareness on energy consumption, energy audits and energy management systems are key tools.
- Networking among SMEs could help exploit energy efficiency opportunities.
- Cultural barriers should be taken into account as many SMEs lack confidence in auditors and energy service companies.

**Recommendations from SMEs**

- Energy efficiency policies must be on a permanent, stable and predictable regulatory framework.
- Easing administrative burdens is key to improve implementation of energy efficiency measures by SMEs.
- Incentives should be based on individual cases in order to fix specific energy savings for each company.
Main challenges identified by SEDA

**Challenges for SMEs**
- **Support mechanisms**
  Challenge of creating informational and financial instruments to boost SMEs to go through audits
- **Guiding to act**
  Challenge of implementing passive facilitation for SMEs to use energy efficiency measures
- **Raising awareness**
  Challenge of providing SMEs with tailor made insights

**Challenges for non-SMEs**
- **Identification of obligated companies**
  Challenge of identifying companies through databases or self declaration
- **Ensuring compliance**
  Challenge of ensuring that all SMEs carry out an audit
- **Enhancing the uptake of measures**
  Challenge of using informational instruments to enhance uptake

Main solutions identified by SEDA

**Solutions for SMEs**
- **Support mechanisms**
  Design an adequate financial support system
- **Guiding to act**
  Provide a clear overview of available support schemes and simplify the application process
- **Raising awareness**
  Use informational trainings and campaigns

**Solutions for non-SMEs**
- **Identification of obligated companies**
  Assist in self declarations on database-oriented approach
- **Ensuring compliance**
  Underline the added value of audits
- **Enhancing the uptake of measures**
  Use informational instruments to enhance uptake of measures

Report on: “Identifying and customizing suitable policies for energy efficiency”

Go through DEESME’s tools to guide National Authorities

Experience and feedback from Bulgaria