AUDIT2MEASURE

POLICY RECOMMENDATIONS BRIEF

NATIONAL IMPLEMENTATION OF ARTICLE 11 OF THE RECAST ENERGY EFFICIENCY DIRECTIVE

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SUMMARY OF RECOMMENDATIONS

Financial incentives

Funding oriented towards high-impact measures, as well as small financial incentives, may nudge companies to carry out their audits earlier than required. This could also be achieved through a ranking system where companies' performance in the energy audits is certified.

Regulatory measures

Setting guidelines and minimum requirements for the content of action plans would ensure their quality and feasibility. Additionally, a performance monitoring scheme – based on targets built upon the audit results - would better evidence the impact of such plans.

Support

A complete environmental energy management system should include the metering of energy consumption and potentials for savings. Training and capacity building programs for auditors and companies should also push action beyond the minimum requirements of an energy audit.

Audit quality

Official certification for auditors, paired with a specification of tools and methods for the collection of data, would standardise the quality of energy audits. The inclusion of multiple benefits in the evaluation of measures may also shift managers' perception of energy efficiency.

Control, monitoring and evaluation

Energy efficiency monitoring schemes should be sensitive to sectoral specificities. This requires a segmented approach to data collection, which would also allow for a comprehensive, yet comparable overview of implementation rates of energy efficiency measures in industry.

INTRODUCTION

The policy recommendations formulated in this brief aim to support EU Member States in improving their national auditing systems to accelerate the implementation of Energy Savings Measures (ESMs) in the industrial sector.

With the new EED in place, EU Member States are now faced with the task of adapting their national audit systems to the changed parameters of the audit obligation and other changes brought about by the new Directive. The brief addresses the current European regulatory context, as national governments are required to transpose the disposition of the new Article 11 of the revised EED into national law by October 2025.

NATIONAL POLICY RECOMMENDATIONS

Incentives to implement energy saving measures

Adequately targeted funding

Instead of funding low-threshold measures that are technically easy and cheap to implement, it is advisable to orient funding towards high-impact measures that have so far had low implementation rates due to their technical complexity and cost (for example in the area of process heating and cooling.

Incentives for early birds

Generally, subsidies for energy audits are only admissible for companies that do not fall under the audit obligation. However, small financial incentives (such as tax reliefs) could be used to nudge companies to carry out their audits earlier than required.

Energy efficiency awards and promotion campaigns

Another incentive system proposed by the Greek Energy Agency CRES is an annual award system to recognise the best performing companies based on the overall energy audit results and/or an incentive system that could be a class rating system, where companies are ranked according to their performance in the energy audit and could receive a rating certificate (from A to F).

Regulatory measures to overcome implementation barriers

Minimum requirements for the content of action plans

Article 11 does not specify the exact content of the Action Plans. This leaves the room for interpretation and varying levels of thoroughness. In order to make it as effective as possible, it would be useful for Member States to set guidelines and minimum requirements for the content of action plans, ensuring their quality and feasibility.

Long-term energy efficiency strategies

Article 11 of the amended EED requires companies subject to a mandatory energy audit to submit concrete Action Plans based on the audits results, which identify technically and economically feasible ESMs to be implemented. Including long-term CO2 and energy reduction targets based on audit results in these action plans could increase the impact of the Action Plans and the monitoring of their implementation rate.

Implementation obligation for specific ESM and companies

Italy, the Netherlands, Portugal, Germany (temporarily) and Cyprus are a group of a few Member States that have already implemented an ESM implementation obligation in their national legislation under the previous EED. However, to date, none of these countries have implemented an effective control and compliance system for the ESM implementation, which makes any impact assessment difficult.

Support to address informational and organisational barriers

Promotion of CO2 reduction targets and dedicated energy efficiency budgets

Although Art 11 EED 2023 provides, with the Action Plans, the necessary tools to embed energy efficiency as a top management concern, it appears that further support and awareness is needed to ensure these targets and dedicated budgets are duly integrated at a company strategy level.

Promotion of integrated environmental management systems

It is recommendable for companies in the manufacturing sector, especially large, energy intensive or high polluting companies, to not only introduce an energy management system but a complete environmental energy management system that includes the metering of energy consumption and potentials for savings.

Further trainings for energy auditors

Training and capacity building programmes for energy auditors with updated information on legal, technical and administrative procedures and systems help to improve the quality of energy audits. Training should enable auditors to go beyond the minimum requirements of an energy audit and provide them with useful tools to encourage companies to carry out energy audits.

Trainings and information campaigns for SMEs and larger companies

Information and awareness raising workshops and trainings both for SMEs and for larger companies can raise aspirations, change mindsets at top management level, build internal know-how and improve access to technical support offers.

Audit quality

Implementation guidance

Proper guidance from energy auditors on the implementation of technically and economically feasible measures is crucial to support companies in developing realistic and effective action plans according to the new EED requirement.

Non-Energy Benefits

Shifting from a purely economic evaluation of measures to an evaluation that includes benefits such as an improved working environment, increased competitiveness as well as customer and employee satisfaction in the audit can shift the management's perception of recommended ESM.

Standardisation of audits

One way to improve the quality of energy audits could be more standardised tools and methods for energy consumption data collection and more specific requirements for the content of audit reports.

Qualified energy auditors

Official certificates or licenses for energy auditors not only improve trustworthiness, but also require auditors to meet qualification standards and keep up with further training to be allowed to carry out audits. A quality control system involving periodic assessment (through exams or audit controls) of auditors could add to the further training, experience, and academic requirements.

Control, monitoring and evaluation

Compliance, quality control and enforcement

In practice, many national authorities seem to face difficulties keeping up with their control and enforcement tasks. More comprehensive sector data is needed to allow national authorities to adequately calibrate their control and enforcement measures.

National audit system evaluations

A national evaluation system should include subsector or at least sector specific evaluations on audit quality and implementation rates of ESM. This would provide a helpful overview of the ESM that are and that are not implemented in specific sectors.

National database for audit reports

A national database of energy audits carried out could help make them more accessible and comparable. Databases such as the European Pollutant Release and Transfer Register (E-PRTR), which collects data on air, water and soil pollution and hazardous and non-hazardous waste from facilities, and their national equivalents exist to make data comparable and available to the public.

EUROPEAN POLICY RECOMMENDATIONS

Support control and monitoring of national audit systems

The European Commission could help optimise processes and reduce effort for the national authorities by developing templates for a more interactive data collection platform, which would facilitate communication and allow data analyses at scale and increase the comparability of results, potentially through sub-sector benchmarks.

Strengthen evaluation and transparency at national level

Although the European Commission sets out requirements for the content of the National Energy and Climate Plans (NECP) however, thorough evaluations of the national audit systems have been missing or not disclosed publicly in most Member States. The increase transparency and effectiveness of Art. 11 of the EED at national level, the European Commission could set clearer requirements for the evaluation and reporting of the implementation of the EMS and audit obligation, notably in the context of the mandatory NECP-Reporting.

Promote implementation obligations for highly viable ESMs

Companies above a certain energy intensity threshold should implement the most economically viable ESMs recommended in their audits. To increase the effectiveness of a potential obligation, the European Commission could provide guidance and tools to support control and monitoring of the implementation of ESM.

Harmonise audit and auditor quality standards

Notably, the European Commission could encourage standardised data collection methods and adequate economic metrics, as well as the consideration of NEBs in audit reports and the provision of comprehensive implementation guidance by the auditor. The European Commission should encourage Members States to develop further mandatory training schemes for energy efficiency experts, highlighting the counselling role of auditors in the decision-making process of companies.

Emphasize synergies and increase integration between EU regulations

The revised EED has various overlaps with other EU regulations such as the IED, E-PRTR and CSRD. In defining their content and minimum requirements, the linkage between both Directives should be highlighted to encourage cost-effective investment synergies for energy and pollution reduction. Furthermore, data collected for industrial installations or facilities under the IED and the E-PRTR could also be used in energy audits and corporate sustainability reporting. Comprehensive environmental management systems will facilitate data collection supporting this various reporting and compliance requirements.

ABOUT

Industry is a key player in energy consumption and economic impact in the European Union (EU) and energy audits represent an important tool to improve energy efficiency in the sector; despite both the spread of energy audits and the knowledge of their benefits, the actual implementation rate of the Energy Savings Measures (ESM) proposed by energy audits is relatively low. The main aim of the AUDIT-TO-MEASURE (Leading businesses towards climate neutrality by speeding up the uptake of energy efficiency measures from the energy audits) project is to support companies in the uptake of audits measures necessary to reduce the energy consumption supporting their energy transition. AUDIT-TO-MEASURE will develop and implement a new engagement strategy (called "Audit2Action") to put into action the opportunities emerging from energy audits.

Project website:
https://ieecp.org/projects/audit-to-measure/

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