



Implications of the Fit-for-55 Package on Member States' Energy Savings Obligations

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- Report published in July 2023

<https://energysavingpolicies.eu/>

- Update following agreement on the recast of the Energy Performance of Buildings Directive (EPBD) – likely Q1 2024

Implications of the Fit for 55 Package on Member States' Energy Saving Obligations

Changes to the EED and other EU Directives and Regulations

25 July 2023



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Abbreviations and acronyms

Acronym	Designation
EED	Energy Efficiency Directive
EEOS	Energy Efficiency Obligation Scheme
EPBD	Energy Performance of Buildings Directive
ESR	Effort Sharing Regulation
ETD	Energy Taxation Directive
ETS	Emissions Trading System
EU	European Union
FEC	Final Energy Consumption
GHG	Greenhouse gases
MEPS	Minimum Energy Performance Standards
NECP	National Energy and Climate Plan
NECPR	National Energy and Climate Progress Report
RED	Renewable Energy Directive
SCF	Social Climate Fund Regulation
SCP	Social Climate Plan

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1 More Energy Savings

Main changes of the EED recast

Period	Energy Savings Rate
2021-2023	0.8%
2024-2025	1.3%
2026-2027	1.5%
2028-2030	1.9%

Energy savings rate will gradually rise to meet 2030 targets.

Member States can phase savings flexibly over the period, if they achieve the same cumulative amount. Energy savings in the first years count for more years: clear incentive to act early!

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2 Ensuring a just and inclusive energy transition

Main changes of the EED recast

A share of energy savings must be achieved among priority groups.

This new ringfence will help to tackle energy poverty and make sure that everyone can benefit from energy efficiency policies.

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3 Aligned with Climate Goals

Main changes of the EED recast

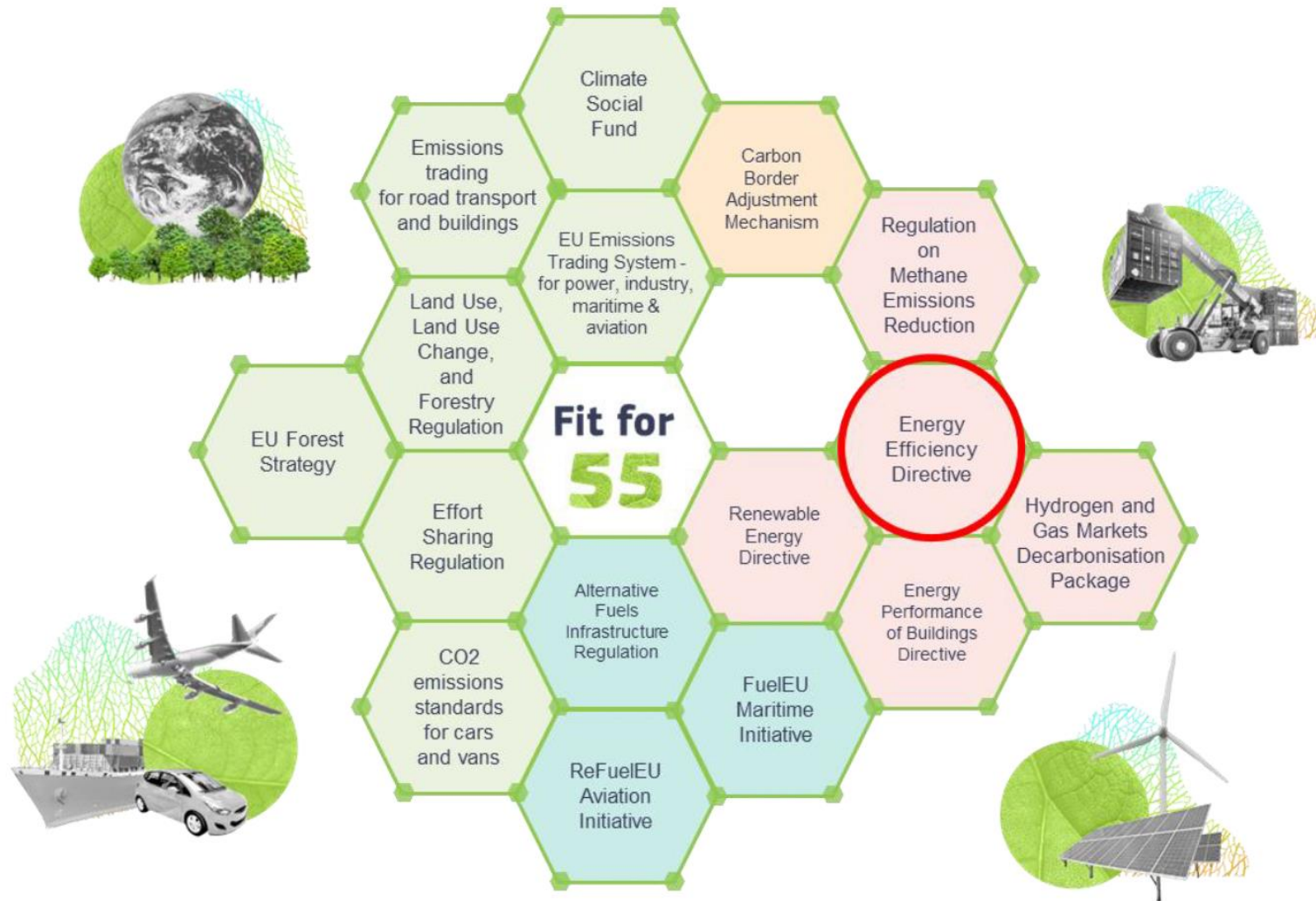
Energy savings from fossil fuel technologies will progressively become ineligible.

This gives a clear signal that public funds should no longer support fossil fuel technologies.

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Other changes to Articles 8-10 & Annex V

- **Solar thermal** heat can be excluded from end-use energy consumption
 - Require that **actions in multi-apartment buildings** are eligible in EEOs
 - Consider and promote the role of **energy communities**
 - Demonstrate **contribution to EU energy efficiency target**
 - Demonstrate **objective of achieving final energy savings**
 - Demonstrate **effectiveness of taxation measures** and how **double-counting** has been avoided
 - Additionality: **EED, ETS, ESR, EPBD, RePowerEU, ETD, Ecodesign**
-
-



Source: European Commission



Supports
Obligation

Reduces
Potential

Supports Obligation

Effort Sharing

EED

RED

Social Climate Fund

EPBD (MEPS)

ETD (ranking criterion)

RePowerEU



Reduces Potential

ETS 1
(free allocation rule)
Ecodesign updates
EPBD (zero emissions
buildings)
ETD (minimum taxation
levels)

Supports
Obligation

ETS 2
New
Vehicle
CO₂
regulations

Reduces
Potential

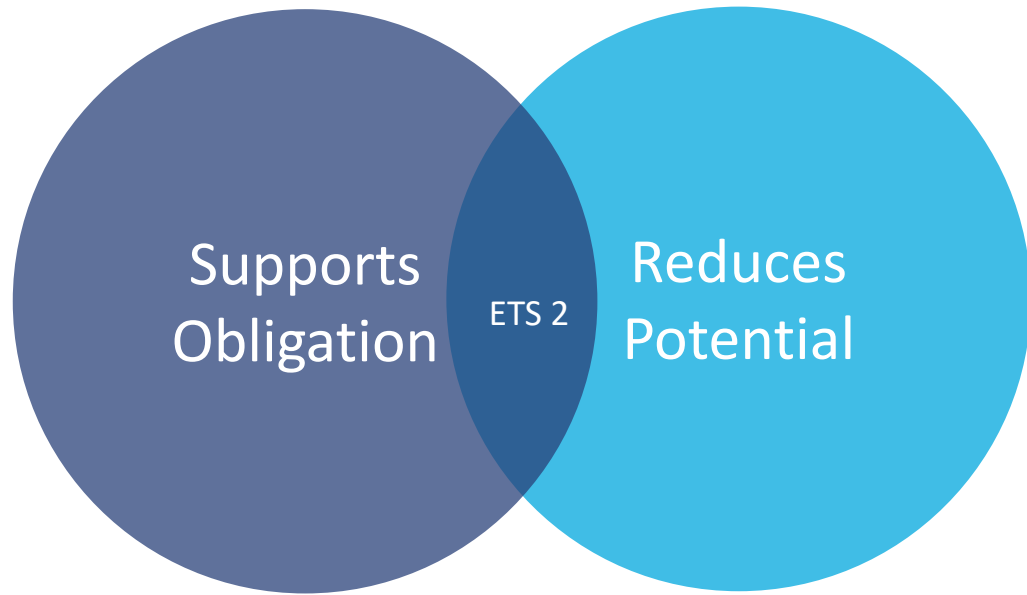


Supports
Obligation
Effort Sharing

- Energy efficiency can help to deliver **higher ESR targets cost-effectively**
- **Emissions reductions can be traded** between Member States

Reduces
Potential
ETS 1 (free
allocation rule)

- **Art 10a:** Free allocation of allowances
For installations obligated under Art 11
EED
 - Audit recommendations with payback of 3
years or less must be taken up to access
20% of free allocation unless costs are
disproportionate



- Art 30a-k introduces emissions trading of direct emissions from buildings, road transport and small industry from 2027
- Higher fossil energy prices from **ETS 2** will
 - make some energy efficiency actions easier to support
 - mean that some energy efficiency actions do not need support

Supports
Obligation
SCF and SCPs

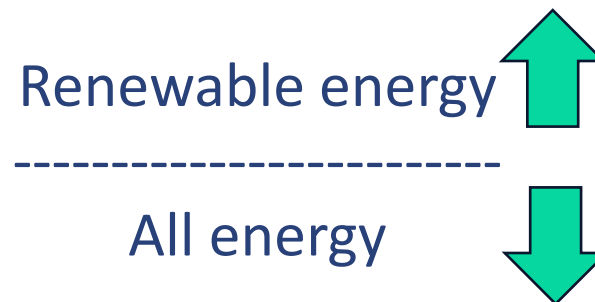
- Up to **65 billion Euros** 2026-32 for Social Climate Fund from ETS auction revenues
- Social Climate Plans needed
- **25% Member State contribution**
- Focus on **vulnerable households**, micro-enterprises and transport users
- Temporary income support (max 37.5%) and energy efficiency actions
- Cannot replace recurring national funding

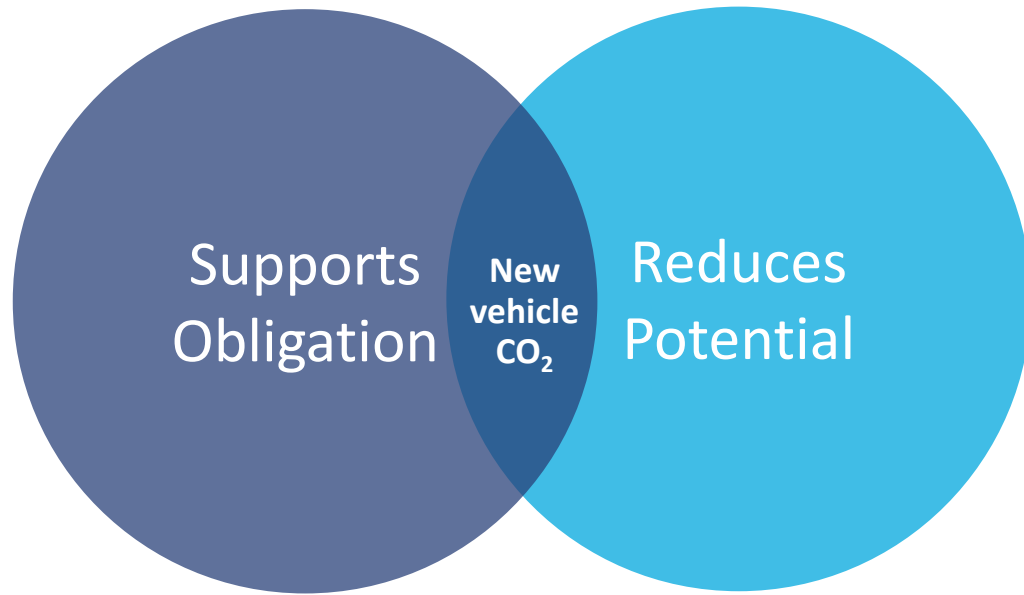
Supports
Obligation
EED

- Art 4: final energy consumption reduction target
 - More **ambitious policy measures** will likely be needed
- Art 5: public sector targets + Art 6: public sector renovation requirement
 - Annex V(2) (c) confirms that **savings can be counted** towards Art 8
- Art 11: energy management and audits
 - Reduces scope for savings from national audit requirements but **increases the number of audited companies** and requires **action plans**

Supports
Obligation
RED

- Art 3: **renewables** target
 - Energy efficiency actions help meet target
- Art 23: renewable **heating and cooling** target
 - Energy efficiency actions help meet target!
- Art 15a: renewable **energy supply in buildings** target
 - Energy efficiency actions help meet target!!





- The EU new fleet average standard **effectively sets the reference energy consumption** of any new vehicle supported by national policy measures
- More ambitious targets will mean that early replacement policy measures may save more energy

Supports
Obligation
EPBD (MEPS)

- Art 9: **Minimum Energy Performance Standards** for buildings would drive building renovation
- Annex V(2) (c) EED anticipates the EPBD recast explicitly adding a **derogation** for policy aimed at meeting MEPS in existing buildings
- Art 15: **Restrictions on support for Fossil Fuel Boilers** would be aligned with the EED fossil fuel exclusion

Reduces
Potential
EPBD
(new build)

- Art 7: **zero-emission building standards** would tighten the minimum requirements for new buildings
- This would **reduce the scope for savings national building codes** that go beyond EU law

Reduces
Potential
ETD (minimum
tax rates)

- Higher minimum taxation rates would reduce the scope for energy savings from national taxation measures

Supports
Obligation
ETD (ranking
criterion)

- Ranking criterion would require electricity to have lowest tax rate and **improve the economics of switching** to energy efficient end-use equipment, such as heat pumps

Reduces
Potential
Ecodesign &
Energy
Labelling

- Ecodesign increases the energy efficiency of the worst performing equipment on the market
- Energy labelling increases the energy efficiency of market average equipment
- Both reduce the **additional energy savings** from a given product installed through national policy
- Ecodesign reviews ongoing across multiple product categories
- Ecodesign rules requiring more than 100% efficiency for heating equipment would both support uptake and reduce additional energy savings from heat pumps

Supports
Obligation
RePowerEU

- Voluntary 15% gas demand reduction (Aug 22-Mar 24)
- Mandatory 5% gross electricity consumption reduction target during peak hours (Dec 22-Mar 23)
- Annex V(2) (d) EED clarified that savings can count ...
- ... and that savings from rationing or curtailment cannot count
- Join us at **BEHAVE** conference **28 November** to discuss!

ENSMOV Partners



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Our Platform: energysavingpolicies.eu



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