

Opinion of the European Economic and Social Committee on the 'Proposal for a directive of the European Parliament and of the Council on energy efficiency and repealing Directives 2004/8/EC and 2006/32/EC'

COM(2011) 370 final — 2011/0172 (COD)

(2012/C 24/30)

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On 15 July 2011 and 1 August respectively, the Council of the European Union and the European Parliament decided to consult the European Economic and Social Committee, under Articles 194(2) and 304 of the Treaty on the Functioning of the European Union, on the

Proposal for a Directive of the European Parliament and of the Council on energy efficiency and repealing Directives 2004/8/EC and 2006/32/EC

COM(2011) 370 final.

The Section for Transport, Energy, Infrastructure and the Information Society, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 7 October 2011.

At its 475th plenary session, held on 26 and 27 October 2011 (meeting of 26 October), the European Economic and Social Committee adopted the following opinion by 165 votes to 1 with 6 abstentions.

1. Recommendations and conclusions

1.1 The EESC recommends to the Council and to the European Parliament that the Commission assess as soon as possible whether the EU is likely to achieve the 20 % energy-saving target and that efforts be focused on achieving real results.

1.2 The EESC urges the Commission to publicise and build on the good practices already developed in the Member States, particularly as regards improving the building stock's energy efficiency.

1.3 The EESC recommends that the Commission find additional European funding for measures that will allow the Directive's goals to be achieved and support their implementation.

1.4 The EESC calls on the Commission to urgently examine the reasons for the low take-up of available resources and revise the funding rules if necessary, and see how to boost the role of the recently-created energy efficiency Fund, both in terms of funding sources and the criteria for awarding funding, which should help to attain the environmental, social and economic targets.

1.5 Similarly, the EESC calls on the Commission to consider the possibility of extending its Europe 2020 Project Bond Initiative proposal to projects that help achieve the goals of this Directive.

1.6 The EESC calls on the Commission to carry out a swift assessment of the untapped potential in terms of energy efficiency that there might be in industry, in order to draw up the relevant measures to be adopted.

1.7 The EESC advises the Commission to examine to what extent and under what conditions the benchmarking tools for emissions of CO₂ and other pollutants (defined in the BREF documents) could be used as in the directive on industrial emissions and established in the framework of a governance system involving all the stakeholders concerned, including employers, unions and NGOs.

1.8 The EESC advocates imposing more stringent conditions on any introduction of smart meters, whilst observing the principles of universality and accessibility of energy for consumers and respecting their personal data.

1.9 The EESC requests that the Proposal for a Directive under consideration require Member States to limit the impact of the costs of the measures on end consumers' bills, particularly if the cost of smart meters is passed on, and to ensure that all of these measures are free of charge to low-income households, according to arrangements to be defined by the Member States.

1.10 The EESC calls on the Commission to help ensure that the remit of European Works' Councils is extended to include energy efficiency so that the aims of the Directive can be achieved.

1.11 The EESC calls on the Commission to define more precisely the notion of 'small and medium-sized enterprises' in terms of size and operating areas, to prevent too broad a definition resulting in a large proportion of businesses being exempted from carrying out energy audits or helping achieve the aims of the Directive.

1.12 The EESC asks the Commission to ensure better integration of the transport sector and that measures be envisaged as part of the directive in question in order to help achieve the desired objective.

1.13 The EESC calls on the Commission to ask Member States to consider increased and possibly binding measures for their entire building stock and appeals for a target figure of this kind to be set, together with appropriate financing and flanking measures and incentives.

1.14 The EESC requests that the Commission encourage the necessary coordination at European level to improve school and university courses and training and R&D programmes, so that they are tailored to the challenges and targets contained in the Directive and foster partnerships to this end.

1.15 The EESC highlights the essential role that local and regional public services can play in terms of energy audits to help and encourage individuals to improve the energy efficiency of their homes.

1.16 The EESC believes that consumers play a key role in reducing energy consumption. The European Commission must ensure that national strategies are put in place to engage and encourage consumers in this direction, in order to secure optimum results for both individual consumers and society. Energy efficiency policies must be backed by appropriate (financial) incentives that are attractive and therefore acceptable to consumers. The needs of vulnerable groups of consumers must be an integral element of all energy efficiency policies.

2. Introduction

This opinion relates to the Proposal for a Directive on energy efficiency (COM(2011) 370 final), based on the directives in force governing cogeneration and energy services and aimed at combining them into a single legislative act of a global nature on energy efficiency in energy supply and final energy consumption.

3. Gist of the Proposal for a Directive of the European Parliament and of the Council on energy efficiency and repealing Directives 2004/8/EC and 2006/32/EC

3.1 The EU has set the target of achieving a 20 % reduction in primary energy by 2020, and has made this one of the five major objectives of the Europe 2020 strategy for smart, sustainable and inclusive growth.

3.2 The Commission's most recent estimates that take account of the national energy efficiency targets for 2020, established by the Member States as part of the Europe 2020 strategy, suggest that the EU will only achieve half of the 20 % target by that date. The European Council and European Parliament have asked the Commission to adopt a new, ambitious energy efficiency strategy in order to take resolute action to tap the considerable potential that exists.

3.3 With a view to giving fresh impetus to energy efficiency, the Commission presented a new Energy Efficiency Plan (EEP) on 8 March 2011 which sets out measures to achieve additional savings in energy use and supply.

4. General comments on the proposal for a directive

4.1 This opinion is based on and supplements the Committee's opinion CESE 1180/2011 on the *Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – Energy Efficiency Plan 2011 of 14 July 2011*. In particular, the Committee points to the positions it adopted in this opinion regarding heat and electricity production, cogeneration (5.3) and energy services (5.4). Moreover, the Committee reiterates its request to examine and, if necessary, amend the current provisions for certifying the energy performance of buildings, eco-labelling of household appliances and smart meters.

4.2 The Committee supports the subject and aims of this proposal, which establishes 'a common framework for the promotion of energy efficiency within the Union in order to ensure the achievement of the Union's target of 20 % primary energy savings by 2020 and to pave the way for further energy efficiency improvements beyond that date'. The Committee is convinced of the importance of promoting energy efficiency in the EU, given the untapped potential that still exists and because achieving the set target will be beneficial for the EU from both the environmental, economic and social viewpoints. The EESC recognises that a large number of 'initiatives', legislative and otherwise, regarding 'green buildings' or the 'green' construction products sector have been launched over recent years. However, there is an apparent lack of an overall 'green construction' plan, resulting in uncoordinated measures and wasted resources. It would be helpful for the European Commission to put forward a green paper on green construction including all the initiatives concerning buildings and building materials.

4.3 The Committee welcomes the proposal in that it overhauls Directive 2004/8/EC on cogeneration and Directive 2006/32/EC on energy services, repealing and combining them, since an integrated approach can help achieve synergies, particularly in heat and electricity cogeneration, and thus make it easier to attain the designated goals. The Committee believes that better integration of the transport sector is needed, together with measures envisaged in the context of the directive in question in order to help achieve the desired goal.

4.4 The Committee feels it is crucial to achieve the target of 20 % savings in primary energy by 2020. It recommends that, starting in 2013, the Commission be required to assess whether the EU is likely to achieve this target with the provisions in force. The EESC recommends that efforts be focused on achieving real results.

4.5 Given the importance of workplaces for taking forward and implementing the proposed measures, the Committee regrets that there is no reference to the workplace or the importance of encouraging social dialogue there in order to achieve the targets set. The commitment and involvement of workers in the energy efficiency programmes are essential for achieving the goals, as are developing and implementing suitable education and training programmes, together with measures aimed at ensuring good working conditions and health and safety at work. Workers should be informed of and consulted on these aspects as part of the social dialogue, which should be encouraged.

4.5.1 Similarly, following the line of Directive 2009/28/EC on the promotion of the use of energy from renewable sources, the EESC recommends adopting an annex on training leading to the certification or qualification of service providers covered by this Directive.

4.6 The Committee is concerned about the question of funding the necessary investments. Although it seems that in many cases the share of EU funding is too low to act as an incentive, as highlighted in point 6.5.1. of opinion CESE 1180/2011, point 4 of the Explanatory Memorandum for the proposal in question merely stipulates that the proposal for a directive 'will be implemented using the existing budget and will not have an impact on the multi-annual financial framework'. Clearly it is important to use the existing financial instruments as much as possible, but the fact remains that they are currently insufficient given the low take-up of the resources available under the Structural and Cohesion Funds by Member States and regions. The Committee firmly believes that in order to achieve the set targets the Commission must:

- urgently examine the reasons for the low-take-up of available resources and revise the funding rules if necessary. This is all the more urgent and crucial in the light of the current constraints on public finances, which stem from decisions taken at European level as part of the austerity measures;
- look at how to boost the role of the recently-created energy efficiency fund both in terms of funding sources and the criteria for awarding funding, which, in the Committee's view, must ensure that the environmental, economic and social targets are all attained;
- consider the possibility of extending its Europe 2020 Project Bond initiative to include investment projects for helping to achieve the targets of the proposal in question;

- look at the other possible funding mechanisms, including what are known as third party investor systems that provide the pre-financing and are repaid by the energy savings resulting from the work to improve the energy efficiency of the homes involved. In this respect, the EESC supports the Commission proposal to use Energy Saving Companies (ESCO), particularly for the installation of 'smart' meters.

4.7 The Committee emphasises that, according to the Energy Efficiency Plan 2011, public buildings account for only 12 % of the EU's building stock. It therefore points to the importance of the rest of the building stock and proposes that Member States consider increased and possibly binding measures on all of their building stock, and appeals for a target of this kind to be set, accompanied by appropriate funding, incentive and flanking measures. This is all the more necessary given that, as underlined in recital 15 of the proposal, 'the existing building stock represents the single biggest potential sector for energy savings. Moreover, buildings are crucial to achieving the EU objective of reducing greenhouse gas emissions by 80-95 % by 2050 compared to 1990.' Furthermore, the Committee emphasises that upgrading the energy efficiency of the EU's building stock:

- would make it possible to create many jobs in Europe. The quality of these jobs should be guaranteed through a stronger social dialogue and should flow from appropriate education and training programmes;
- would thus generate revenue for the Member States (mainly through a reduction in unemployment and an increase in tax revenue);
- would boost recovery in Europe;
- would also make it possible to achieve the social goals, by means of specific measures to be adopted for low and medium income families to help them cut their energy bills by reducing the amounts of energy they need for heating and lighting.

5. Specific comments

5.1 Article 4, which makes it compulsory for Member States to renovate 3 % of the total floor area owned by their public bodies each year, refers to a total useful floor area of over 250 m². The Committee feels that these obligations should apply to the buildings housing the European institutions. Moreover, the Committee questions this minimum figure of 250 m² and wonders whether this might not lead in practice to housing associations in particular being exempted from these obligations, given that the living space is often smaller in social housing. Moreover, pursuing the defined energy efficiency targets should also have a social objective, establishing measures to help reduce the energy bills of poorer households through incentives to upgrade the energy performance of their homes.

5.1.1 The present economic situation may, however, mean that the provisions of Articles 4 and 6 are not reached within the given time limit. The EESC feels that the Commission should contemplate European support for those Member States unable to achieve the objective on their own.

5.2 Nevertheless, the energy efficiency obligation schemes provided for in Article 6 would generate costs. The Committee deems it necessary to mitigate the effects of the costs of the measures on end consumers' bills (see point 4.5.5. of opinion CESE 1180/2011). More specifically, it feels that the improvements should be free for low income households, as it stresses in point 6.7.2 of the same opinion.

5.3 Article 7(1), stipulates that Member States should encourage small and medium-sized enterprises, in particular, to undergo energy audits. The Committee therefore feels that it would be appropriate to define 'small and medium-sized enterprises' in Article 2.

5.4 Article 7(2), stipulates that enterprises other than 'small and medium-sized enterprises' must undergo an energy audit by 30 June 2014 at the latest and then every three years from the date of the last energy audit. As explained in point 5.5.1 of opinion CESE 1180/2011, the Committee believes that there is untapped energy efficiency potential in industry even if progress has been made in this area and even if European measures such as the emission quota trading system are already targeting energy intensive industries. In order to be able to identify as quickly as possible the untapped potential in industry and define the relevant measures to be adopted accordingly, the Committee proposes:

- implementing early and effectively energy audits;
- widespread support, deployment and dissemination of traditional and new tools facilitating focused and consistent improving of energy efficiency both in energy intensive and in SME installations.
- audits covering both management issues and structural issues. Management changes are relatively easy to implement, but structural changes (floors, roofs, changing function of the building, heavy materials) are expensive and time consuming, especially as implementation of the audit's recommendations requires a cost-benefit study and an implementation plan to prepare a bid with its exact parameters and a budget. On top of these constraints, permits are often required, which makes the renovation process considerably longer. For these reasons, it should be possible to extend the deadline for carrying out changes recommended by the audit which require extensive work.

5.4.1 Worker participation is essential for better energy efficiency. Without their knowledge, experience and commitment results cannot be achieved. Therefore the EESC recommends examining to what extent and under what conditions the benchmarking tools for emissions of CO₂ and other polluting gases (BREF documents drawn up by the IPTS in Seville to support the former IPPC Directive and the 2010 so-called IED Directive on industrial emissions, and also used for the ETS and including energy efficiency benchmarks), could be used in the same way in this directive and established in the framework of a governance system involving all the stakeholders concerned, including employers, unions and NGOs. In this way, it would be possible when drafting the diagnostics and proposals in the context of this governance system to take account of: the costs and benefits of planned energy efficiency measures and also, *inter alia*, the social-employment aspect, the impact on working conditions, social analyses and regulations, tools for assessing estimated requirements in terms of jobs, qualifications and vocational training and the mechanisms to put in place accordingly.

5.5 Article 8(1) sets out the conditions to be observed if smart meters are brought in. The Committee feels that these conditions are not enough. It calls for each Member State to carry out an in-depth preliminary study of the costs and benefits of such meters, in the context of its own regulatory arrangements, and believes that this study should take account of the technical feasibility and cost-effectiveness for the investor of installation of smart meters, including maintenance, management and replacement costs, and the risks these meters might pose as regards the principles to be observed in terms of the universality and accessibility of energy for consumers and respecting personal data. In the case of electricity, this study forms part of the economic assessment mentioned in point 2 of annex 1 of Directive 2009/72/EC of 13 July 2009.

5.6 Article 10(1) sets out an obligation to establish a national heating and cooling plan. This should include competition aspects so as to address the problems which could be raised by district heating monopolies.

5.7 At a very practical level, the EESC underlines the importance of developing energy services provided by public administrations or proposed by private companies and aimed at implementing the most energy-efficient solutions for businesses, public entities and individuals. European funding should enable them to be developed, making them accessible to individuals and SMEs, in accordance with conditions drawn up in the general interest.

5.8 From a legal viewpoint, the energy performance contracts referred to in the Commission document, albeit in the context of contractual relations with public entities, constitute a tool that can expand the systematic search for greater energy efficiency.

5.9 Article 1 on scope should exclude historic listed buildings as the practical and aesthetic difficulties arising from, inter alia, installation of smart metering are generally far greater in historic buildings. For instance, heritage conservation laws often prevent the owner of a historic building from implementing new energy management systems. Member States should be free to decide on a case by case basis when a specific historic and listed building would require this exemption and the application of a more flexible range of solutions.

Brussels, 26 October 2011.

The President
of the European Economic and Social Committee
Staffan NILSSON
