3127

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The Council took note of a progress report on a proposal for a directive on energy efficiency. The proposal follows on from the Commission communication presented in March 2011 on an energy efficiency plan 2011.

On the basis of that document, the Council adopted conclusions in June 2011, outlining actions in the following sectors: the public sector, buildings, industry and the energy sector, and ways to support favourable consumer choices.

From the intensive work done so far it appears that delegations support the aim of the proposal and additional measures for energy efficiency. However they also underline the importance of flexibility for member states to apply the most cost-efficient measures, consistency with existing legislation and respect for the subsidiarity principle.

The presidency report covers the main issues that will need more in-depth consideration:

Energy efficiency targets: at delegations' request, the Presidency suggested an alternative option for expressing and illustrating the EU's 2020 20% energy efficiency target. A two-step assessment of progress achieved, to be carried out in 2013 and 2015, has been included. As a method to compare Member States' progress, the Presidency suggests as one of the possible options- that the Commission come forward with a draft delegated act by 31 December 2014. It is the Presidency's understanding that a methodology should include a projection for absolute energy consumption in the EU.

Public bodies: many delegations questioned the scope, financial feasibility and appropriateness of the proposed annual 3% refurbishment target for all buildings owned by public authorities. There were requests for better coherence with Directive 2010/31/EU on the energy performance of buildings, including on possible exclusions. Several delegations have stated the view that any such obligation should be backed by additional sources of financing. One way to define and delimit more clearly the scope of this provision that was suggested during discussions in the Working Party would be to focus the obligation on buildings owned by central government, whereby Member States could at the same time be required to incentivise the retrofitting or upgrade of the energy performance of the buildings owned by regional and local authorities and in social housing. The Presidency text includes a first suggestion for an alternative approach to the annual renovation target, which was called for by the Council in its conclusions of June 2011.

Purchasing by public bodies: for many delegations, the current text as proposed by the Presidency, including Annex III, does not give rise to major objections at this stage. There have, however, been calls for wider aspects of sustainability for public procurement to be considered, and for further analysis of Annex III and the compatibility of the proposed provisions with EU public procurement legislation.

Energy efficiency obligation schemes: in response to requests by delegations, the Presidency text sets a time horizon for the scheme to run until the end of 2020 and suggests higher thresholds for possible exemptions.

On the basis of the Presidency text, delegations have suggested in the Working Party to provide for a gradual increase of the target, starting from a lower level in order to ramp up the system and reach higher saving rates over time, or to leave flexibility for Member States to set longer periods (e.g. three years) for a cumulative target.

Energy audits and energy management systems: while there is broad agreement on the usefulness of energy audits to tap additional saving potential, some delegations do not view favourably a mandatory requirement for larger companies to conduct energy audits, on grounds of proportionality, administrative burden and the creation of unnecessary peak demand for auditors. They hold that it would be more useful to focus on the actual implementation of recommendations stemming from energy audits, including through energy management systems. The changes proposed in the Presidency text respond to some of the concerns, in that they clarify the conditions under which in-house experts can perform the audits and extend both the deadline for the obligation to come into effect and the frequency of the audits.

Metering and informative billing: while delegations generally support the aim of delivering energy savings through behavioural change, a number of delegations expressed concerns about the relationship between suggested obligations on informative billing and what is laid down on the roll-out of smart meters in the third internal energy market package legislation, which Member States are currently implementing. On the other hand, the Commission has stated that the suggested obligations on informative billing do not rely on smart meters.

Proposed requirements for individual heat consumption meters or individual heat cost allocators in multi-apartment buildings are viewed as not always cost-effective by a number of delegations.

Promotion of efficiency in heating and cooling: many delegations found the proposed requirements aimed at developing the potential of high efficiency cogeneration and district heating and cooling too rigid, and several Member States object to the obligations with regard to spatial planning on subsidiarity grounds. Delegations generally welcomed the suggestions made in the Presidency text as improvements. They streamline the provisions and provide greater flexibility for Member States. Some delegations asked for the deletion of conditions on the location of installations where waste heat can be used by heat demand points, and several Member States do not support the idea that industrial installations should be required to make use of waste heat and be connected to DHC networks.

Energy transmission and distribution: in the view of a number of Member States, the role to be given to CHP in terms of access and dispatching needs further analysis, in particular in comparison with renewable energy sources and in relation to Directive 2004/8/EC on cogeneration and requirements flowing from internal energy market legislation.

Review and monitoring: many delegations expressed hesitations on the ensuing administrative burdens and the timing of certain reporting obligations, stating that reliable statistical data would not be available.