

ENSPO guidelines

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Policy guidelines at a Member State level

Aims of guidelines (national level):

- Facilitate implementation of Energy Efficiency Policies under Article 7
- Provide lessons for new-starters of EEOs
- Provide a basis for discussion with national stakeholders in order to agree



Policy guidelines scope

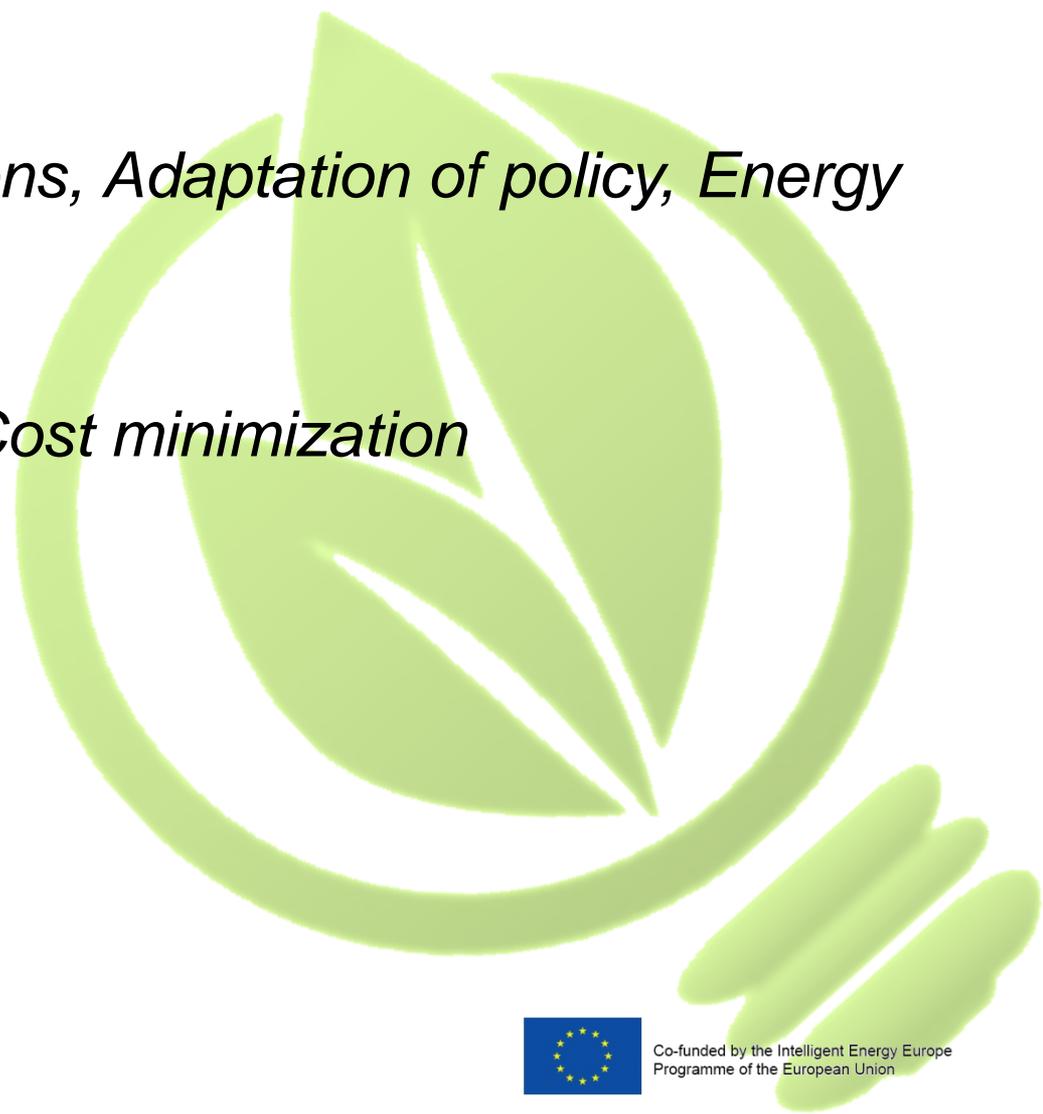
- Effectiveness

Energy Savings Calculations, Adaptation of policy, Energy Market Structure

- Efficiency

Adaptations in structure, Cost minimization

- Additionality/Materiality
- Cost Recovery



Effectiveness

On Measurements of energy savings:

- The deemed savings can be applied mainly to **homogeneous target groups** (for instance household appliances, highly standardized and replicable technologies)
- Declare for each measures whether the **average consumption** of the market or of the **installed stock** has been considered for deemed savings estimates
- Use **autonomous improvements** (estimated in number of years and compared to market and technologies autonomous developments) and **update baselines periodically**

Effectiveness

- Technology list to be **technologically neutral** and to avoid producing deemed savings that may favour very few technologies manufacturers - involve a broad range of stakeholders in developing the data, as it will increase the level of detail and the processes of ongoing revisions of the technologies in the list.
- Verification needs update with **free-riders and rebound effects**

Adaptation

- Use **EEF for cost recovery** options to suppliers with a low ceiling price
- EEOs not competitive to eventual ESCOs, but rather cover financing part

Efficiency

Adaptations

- Start with modest levels of savings, **increasing in ambition level over time**, learning from early phases and re-designing the EEOS to be more efficient and effective
- **Trial period** with low savings targets, so that obligated parties can get used to the target idea
- Since there are no steps for shortening the learning period in most countries starting with such schemes, EEOs should act as **supportive instrument** to target delivery

Efficiency

On costs

- majority of savings will originate from low cost energy measures in the residential sector, **no retrofitting**
- Opening the scope (as for instance Industry for Denmark, or fuel suppliers in France) can help achieving a more ambitious objective
- introducing tools and incentives to support third party financing, among which there is the guaranteed fund introduced in the transposition of the EED directive
- Address fuel poverty via the EEF

Additionality/Materiality

- Different interpretations, no real blueprint at this stage until the recast EED
- Avoid as much as possible overlapping instruments in terms of sector targeting
- Ex-post combined with ex-ante measurements (for free-riders) to be able to demonstrate materiality

Additionality/Materiality methods

Make use of the various verification methods with less administrative requirements, such as in Denmark or Germany, given also the inexperience with monitoring and verification with the forthcoming EEOs that most countries face.

Make use and collaborate for the development of successful tools (such as the MultEE project platform)

Cost Recovery

For obligated energy providers in competitive energy markets, there are two possible cost recovery paths:

- *Option 1:* the costs of meeting energy savings targets are treated as a cost of doing business and energy providers adjust their prices to recover these costs; or
- *Option 2:* the costs of meeting energy savings targets are either funded by the government through direct budgetary appropriations, or price surcharges are imposed on regulated “wires and pipes” energy providers.

Cost recovery

Country	Cost recovery
Belgium	Regulator approves cost recovery through tariffs
Canada/Ontario	Collected from all ratepayers based on energy use or contribution to peak demand
China	City utility surcharge, revenue from differential electricity prices, and other funding sources
Denmark	Cost recovery through tariffs
France	Cost recovery through tariffs is possible but has yet to be allowed
Italy	Fixed contribution to cost recovery through a tariff contribution; transport measures not eligible for cost recovery
US Minesotta	Energy efficiency cost-recovery charge determined in rate cases
US New York	System benefits charges, and funding from carbon market
US Texas	Obligated utilities recover program costs through base rates or cost recovery tariffs

References

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