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D6.3: Summary of outcomes of training courses for implementing EEOs and alternative schemes

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1 National training courses and webinars

1.1 Introduction

The WP 6.2 aimed to support the MS in setting up new EEO schemes or improving the existing ones, originally by means of two tools:

- The national observatories (NOs) and capacity building workshops (CBWs);
- The national training courses (NTCs).

Subsequently, it was decided to deliver a series of webinars, in order to reach a larger number of stakeholders and to use some of underspent hours available for national observatories and training courses not usable by some partners due to the decisions and needs of policy makers in their countries¹.

This report aims to provide a summary of the activities carried on and implemented in the framework of the national training courses (NTCs) and of the webinars by the partners and their MS participating in ENSPOL project.

FIRE is the task leader and responsible for preparing this final report based on information provided by technical partners about the activities they undertook.

1.2 Training courses

NTCs aim to support countries that do not yet have an EEO scheme in place, helping them to evaluate the pros and cons of such schemes compared to other opportunities and supporting them to implement new schemes in the most effective way, learning from the experiences of MS with established schemes and, by reciprocity sharing their experiences of establishing new schemes with other MS. NCTs also represent an important opportunity for those MS that have already have an EEO in place – enabling them to examine and evaluate the current status of their mechanisms and apply insight gained from the experiences of other MS to improve their existing schemes.

¹ For example some MSs already have national observatories in place or decided not to use the training courses available through the ENSPOL project.

The courses supported policy makers providing them with the necessary insight to inform the adoption of their own scheme, using the experience of other MS. Stakeholders were targeted by the courses with detailed information on how the available schemes work and the opportunities that can arise, as well as the main experiences in Europe.

A survey among relevant ministries, regional governments, and energy authorities was requested in order to define the needs to be addressed by the NTCs in the countries by ENSPOL partners, with aim to plan NTCs that would meet the needs of national stakeholders.

The survey took place between April and July 2015 with the following outcome. Among the MS, Denmark and France opted for the cross-country workshops organised by EST in Brussels. Belgium and The Netherlands opted for a twinning Belgian - Dutch workshop. The UK organised two national workshops (one for policy researchers and NGOs and one for Local Authorities), and two cross-country workshops and also undertook a literature review on behalf of the responsible Ministry (Department for Energy and Climate Change, DECC) in the frame of their NTC activity. The other partners implemented the courses as described in the next chapters.

The table below summarizes the implemented actions.

Table 1. List of NTCs (including cross-country workshops, marked with *).

Country	First NTC	Second NTC	Third NTC	Fourth NTC	Fifth NTC
AT	11 December 2015	21 March 2016	14 June 2016*	-	-
BE	15 September 2015	14 June 2016*	-	-	-
BG	29 September 2015	7 June 2016	24 June 2016	-	-
DK	17 June 2015*	-	-	-	-
FR	17 June 2015*	14 June 2016*	-	-	-
GR	1-3 July 2015	8 June 2016	-	-	-
IT	17 June 2015*	3 July 2015	15 December 2016	14 June 2016*	13 July 2016
NL	15 September 2015	14 June 2016*	-	-	-
PL	25-26 November 2015	9-10 June 2016	-	-	-
UK	17 June 2015*	16 September 2015	15 January 2016	14 June 2016*	21 June 2016

1.3 Webinars

Seven webinars have been implemented between December 2015 and July 2016. This initiative has been implemented from the consortium as a plus, since it was not included in the ENSPOL's Grant Agreement. The idea was:

- to provide events in which to go into details on particular topics related to EEO and alternative measure schemes, as manifested in many meetings within and outside the ENSPOL project;
- to allow more people to participate to such discussions, since European Observatories and meetings were costly to join for many stakeholders.

The webinars were organized by FIRE with the contribution of other partners and based on the GoToWebinar platform. The webinar topics covered were as follows:

- Energy savings measurement and verification (22 December 2015)
- Additionality and materiality (23 February 2015)
- Lessons learnt from EEOs and alternative measures (1 March 2016)
- Obligated parties, costs, and financing (8 March 2016)
- Cost and cost recovery mechanisms for EEOs (13 July 2016)
- EEOs start-up (19 July 2016)
- Monitoring and verification (21 July 2016)

These events allowed many people to join live and ask questions. Moreover, both the presentations and the session recordings are available through the ENSPOL website and YouTube channel for stakeholders to view retrospectively.

The topics of the first four webinars were decided based on the results of a survey carried out amongst ENSPOL partners (in consultation with their national stakeholders). For the second series feedback gathered from national stakeholders and participants in the second and third EU observatories and the final conference were taken into consideration.

2 Activities performed related to NTCs

2.1 Austria

On December 2015, the first NTC meeting took place and 28 people took part in it representing institutions, industrial and trade associations, interest organisations, as well as obliged parties or market operators. The training was dedicated to the whole process display and the required steps when implementing a measure from customers to energy suppliers, as expressed by the interested parties. As the newly introduced EEO system has been considered as rather complex, the NTC represented a good chance to discuss the application of the Energy Efficiency Law.

The second NTC meeting took place together with the CBW (where the newest results from the ENSPOL project were presented) on March 2016 with 38 people participating in the event, and - following the requests coming from the first NTC - also during this second event issues such as the notification of methods, additionality aspects and double counting as well as monitoring & verification aspects were discussed.

Another training event which should support Austrian stakeholders was the “ENSPOL Article 7 Experience Exchange workshop” Tuesday 14 June. The meeting took place from 9 am to 1 pm. 10 persons (mainly scheme administrators) from 7 different EU Member States participated. The main topics discussed comprised:

- How to assure quality and standards of implemented measures? There has to be some balance between keeping the administrative costs of the scheme low and securing measures are implemented properly.
- Methodologies for accounting for savings. Most participants agreed that deemed savings is a very straightforward way for calculating the savings.
- Innovation however can be hindered by using the deemed savings approach, as deemed savings can only be used if there is sufficient experience with a technology.
- The basic scheme design (obligation period, reporting procedures) varies between Member States. Some lessons learned from Member States were discussed.

Austria introduced its EEO in the beginning of 2015 and could benefit from this workshop with more experienced Member States. Especially with the view of the future development and changes to the Austrian EEO useful hints on crucial issues (quality control, innovation) could be obtained.

2.2 Belgium

The case of Belgium (and The Netherlands) was peculiar, as the energy administrations were highly interested in sharing experiences and in learning from other countries involved in the ENSPOL project. They requested for having a more technical workshop with other countries, and to answer to this request a twinning Belgian - Dutch workshop was organized on September 2015. The workshop dealt with topics such as industry and building in relation to Voluntary Agreements (VAs) under Art. 7. Topics discussed ranged from additionality to minimum requirements for buildings and to the balance between reporting requests and effectiveness of art. 7 EED.

2.3 Bulgaria

Bulgaria organised the first NTC on September 29th 2015 with 25 people taking part in the meeting, and the majority of the participant represented obliged parties or market operators. During the event, information on alternative measures in other MS were provided, as well as information on the first report on White Certificates (WhCs) within Capacity building project - operational program “Competitiveness of Bulgarian Economy”.

The second NTC was organized on June 7th 2016, and 28 people participated in the event: in the meeting it was underlined how WhCs do not replace existing policies and measures, and information on the scheme were discussed.

The third and last NTC was held on June 24th 2016 and around 50 people were invited to take part in the meeting: the agenda covered alternative measures, subsidies, loans, VAs, tax reductions, etc.

2.4 Denmark

Denmark decided not to hold any training course, considering the ones already in place in the country. Denmark participated in the first cross country workshop (June 17th 2015).

2.5 France

France replaced the national training courses by cross country workshops (June 17th 2015 and June 14th 2016).

2.6 Greece

From July 1st to July 3rd 2015 the first NTC was held in Athens, with 24 people taking part in the meetings. Several topics were introduced and presented: ENSPOL project, Art. 7 of EED and the implementation of alternative measures in Greece, The Netherlands, UK and Australia, together with the implementation of obligations schemes in EU and non - EU countries. The implementation of Art. 7 was considered as very complex, and for this reason a more in depth analysis of specific best practises is crucial for the effective design and implementation of the required measures in order to fulfil the foreseen targets.

The second NTC took place in Athens on June 8th 2016. The discussion focused on the obligation parties' feasibility and capability to design and implement specific energy efficiency measures. The necessity to introduce flexible and efficient financial mechanisms was highlighted in order to facilitate the achievement of the imposed targets from the obligated parties with the lowest imposition of economic burden to the final consumer. The establishment of a transparent and simplified measurement, monitoring and verification scheme is also crucial, together with the provision of technical assistance to the obligated parties.

2.7 Italy

Italy decided not to organize training courses in agreement with the Ministry of Economic Development. Instead, it was recognized as more useful to hold an event aimed to the public administration so that the use of alternative measures schemes (i.e. heat account) under art. 7 EED could be promoted. Regional workshops on alternative measures were thus organized in Turin (July 3rd 2015) and Venice (December 15th 2015). The workshops dealt with the following topics: tools to promote energy efficiency in the local authorities, both as policy makers and end users, heat account, EPC and energy service contracts, structural funds and regional policies. The presentation were held by FIRE, ENEA, GSE and regional representatives (from Venice also by Consip, the Italian central purchasing agency) and in

both occasions they were followed by an interesting discussion on many aspects related to the use of support schemes.

Considering the difficulties to organize new regional workshops due to the slow decision process in many regions, FIRE opted to implement a webinar on July 13th with two presentations about the tools to promote energy efficiency in the local authorities, both as policy makers and end users, heat account, EPC and energy service contracts. The webinar was attended by 197 people with a long discussion on the illustrated topics.

Besides, Italy participated in the first cross country workshop (June 17th 2015) with a person from GSE.

2.8 Poland

Poland organized two NTCs. The first one was held on November 2015 and combined with the Industrial Energy Efficiency Trade Fair in Krakow. It was a two days training with more than 40 participants. During the days training, industrial stakeholders had the chance to learn and discuss about the main issues and technical aspects of white certificate scheme, and several topics were included in the agenda such as the Polish white certificate scheme and its benefit, and energy audits in industries concerning energy efficiency action in lightning projects.

The second NTC was held in June 2016 (9th and 10th). During the trainings stakeholders mainly from companies taking actively part in White Certificate Scheme in Poland and those interested in future energy efficiency investments had the opportunity to learn and discuss about the main issues and technical aspects of the scheme together with representatives of Ministry of Energy and Energy Regulatory Office. A workshop session gave the opportunity to discuss on the best possible solution in Poland and another session allowed to discuss on the new regulations.

2.9 The Netherlands

Concerning the twinning Belgian - Dutch workshop agenda and results please see the chapter about Belgium.

2.10 UK

In UK the NTC activities were adapted and tailored to meet the needs of key stakeholders. Four workshops and a literature review for the responsible Ministry were undertaken within the frame of the UK NTC activity as follows:

June 17th 2015, Brussels - a cross country workshop was organised to bring together representatives of MS with well-established EEOs (DK, FR, IT, UK) to share their collective experiences with a view to informing the ongoing development of their respective schemes.

September 16th 2015 – Following Oxford University’s participation (on behalf of the ENSPOL project) in a UK NO workshop organised by DECC, a review of literature on the Demand Reduction Obligation concept was performed (at the request of the Ministry, DECC) to inform the Ministry’s ongoing thinking on the future of the UK EEO scheme.

January 15th 2016, London – an ENSPOL workshop was organised for UK policy researchers & NGOs to coincide with the European Commission’s consultation on the Energy Efficiency Directive. The aim of the workshop was to educate and share knowledge and experience to inform UK responses the Article 7 aspects of the consultation. During the workshop Article 7 and EEOs were discussed. Successful EEOs have tended to be introduced gradually, becoming more ambitious over time and accounting for an important volume of savings. The main topic of discussion, dominating a large part of the debate at the event concerned buildings regulations as the quoted contribution of UK building regulations to Art. 7 form a large part of the UK’s energy savings (if not included, UK will not meet the target obligation).

June 14th 2016, Brussels - a second cross country workshop was organised to bring together MS representatives this time representing a broader range of interests – participants included MS with well-established EEOs (DK, FR, IT, UK) or considerable experience of previous EEOs (BE), new EEOs (AT) and also two MS who have, to date, chosen to implement Article 7 through only alternative measures (NL, DE), but who are now exploring the possibility of introducing EEOs. The participation of Germany was positively received, especially since they are not direct partners in the ENSPOL project. The aim of the workshop was to share collective experiences with a view to informing the ongoing development of their respective schemes and / or alternative measures, since there are many common challenges associated with implementing EEOs and alternative measures (monitoring and evaluation, quality and standards etc.).

July 21st 2016, London - the workshop was organized in collaboration with the responsible Ministry, DECC, and was entitled “The role of Local Authorities in the future Energy Company Obligation”. It brought together local authority representatives to share knowledge and

experience on the lessons learned, opportunities and barriers from working with energy suppliers to deliver the UK EEO, based on past and current experience. The Government has recently launched its consultation on the third phase of the Energy Company Obligation (ECO). Whilst the obligation will remain on energy suppliers it is clear that the proposed refocussing on the fuel poor will require a greater emphasis on local delivery and partnership working with local authorities. The workshop was timed so that the outputs could inform and support local authorities' responses to the consultation.

3 Activities performed related to webinars

3.1 Webinar 1: energy savings M&V

Title: Measurement and verification of energy savings.

Date: 22 December 2015.

Topics:

- Energy saving calculation (deemed/scaled/metered savings) and allocation methods among measures;
- The role of audits in the savings M&V;
- Administrative monitoring and evaluation procedures already in place (technical and administrative requirements, documental and/or on-site controls, administrative costs, how double counting is avoided);
- Different measures (EEOs and alternative measures) requires different actions: will be feasible for MS to harmonize multiple systems of measurement/monitoring and verification already in place?

Agenda:

- Introduction – Dario Di Santo, FIRE
- Speeches about M&V of energy savings: Dario Di Santo, FIRE – Tina Sander, Dansk Energi - Tadeusz Skoczowski, Kape
- Discussion about M&V in the other MSs (issues, examples, lessons learnt, new developments, etc.)
- Discussion about the opportunity to hold a public webinar at the beginning of February on this topic or on other topics of interest.

This first webinar was opened only to the ENSPOL partners, to test the platform and set up the webinar model. Since it worked well, it was decided to implement a series of webinars starting from February 2016.

Registered people: 26

Participants: 19

3.2 Webinar 2: Additionality and materiality

Title: Additionality and materiality within white certificates and alternative measures.

Date: 23 February 2016.

The focus of the webinar was on how to deal with additionality and materiality within EEO and alternative schemes. Both are complex concepts that have been implemented with a variety of solutions by different Member States. Some existing examples were illustrated by selected speakers and a discussion about the main points followed.

Topics:

- Additionality in the building sector
- Additionality in the industrial sector
- Additionality in the transport sector
- Materiality in EEO and alternative schemes.

Agenda

- Introduction about ENSPOL project and webinar content (FIRE)
- Additionality and materiality within White Certificates and alternative measures (JIN)
- Buildings: Materiality & Additionality (VITO)
- Additionality and materiality within white certificates and alternative measures (AEA)
- How to deal with additionality and materiality within EEO and alternative schemes? The French case (ADEME)
- Additionality and materiality in the Italian white certificate scheme (GSE)
- Discussion
- Closure

Registered people: 80

Participants: 44

3.3 Webinar 3: Lessons learnt

Title: Lessons learnt from EEOs and alternative approaches.

Date: 1 March 2016.

The focus of the webinar was on the main lessons learnt from existing EEO and alternative schemes. This is an activity realized by the ENSPOL project to provide a guidance to the implementation of new schemes and the improvement of existing ones. Some examples were illustrated by selected speakers and a discussion about the main points followed.

Topics:

- Energy saving assessment
- White certificates market
- Possibility to involve non obliged parties
- End-user sectors and energy efficiency solutions covered by the schemes
- Benefits additional to energy savings
- Links between EED, EPBD, and other directives on energy savings assessment.

Agenda

- Introduction about ENSPOL project and webinar content (FIRE)
- Lessons learnt about benefits related to the application of different EEO and alternative measure schemes (speeches from: ADEME, FIRE, Ofgem E-Serve, AEA)
- Discussion
- Closure

Registered people: 65

Participants: 40

3.4 Webinar 4: Obligated parties, costs, and financing

Title: Obligated parties, costs and financing of EEO schemes.

Date: 8 March 2016.

The focus of the webinar was on different subjects (DSOs, suppliers, market operators or end-users) that can be chosen as obliged parties, costs, and financing in EEO schemes. The choice of the obliged parties affects deeply the development of the EEO scheme, so it is useful to verify what happened in some Member States. Costs and financing of EEO schemes are two other important subjects. Some examples were illustrated by selected speakers and a discussion about the main points followed.

Topics:

- Pros and cons of choosing DSOs or suppliers as obliged parties
- Costs of EEO schemes and approaches to cover them (through public money, tariffs or market prices).

Agenda

- Introduction about ENSPOL project and webinar content (FIRE)
- Information about how mandatory parties were chosen and about costs and financing of different EEO schemes (speeches from: Ofgem E-Serve, JIN, AEEGSI, ADEME)
- Discussion
- Closure

Registered people: 52

Participants: 33

3.5 Webinar 5: Cost and cost recovery mechanisms

Title: Cost of EEO schemes and cost recovery mechanisms.

Date: 13 July 2016.

The webinar illustrated the costs of EEO schemes (management costs, global costs, etc.) and the cost recovery mechanisms in place. The three EEO schemes illustrated in the webinar showed how different approaches have been adopted by Member States and how costs have changed over time.

Topics:

- Costs incurred in EEO schemes
- Cost recovery approaches
- Lessons learnt

Agenda

- Introduction about ENSPOL project and webinar content (FIRE)
- Case studies (speeches from: JIN, University of Oxford, ADEME, GSE)
- Discussion
- Closure

Registered people: 63

Participants: 35

3.6 Webinar 6: EEOs start-up

Title: How to start-up an EEO scheme.

Date: 19 July 2016.

The webinar illustrated the typical issues faced by MSs when starting up a new support scheme. Experiences from long existing schemes both illustrated how the start-up was dealt with and offered some hints to policy makers and implementing agencies involved in new schemes.

Topics:

- Questions to be asked when designing an EEO
- Different approaches to targets, obliged parties, eligible solutions, etc.
- Typical start-up issues
- Lessons learnt

Agenda

- Introduction about ENSPOL project and webinar content (FIRE)
- Case studies (speeches from: FIRE, ADEME, AEA)
- Discussion
- Closure

Registered people: 46

Participants: 19

3.7 Webinar 7: Monitoring and verification

Title: Monitoring and verification practices.

Date: 21 July 2016.

The webinar will illustrate good practices in terms of monitoring and verification. The webinar is organized in cooperation with the MultEE project, dedicated to M&V practices.

Topics:

- The importance of measurement, monitoring and verification
- Different M&V approaches
- Lessons learnt

Agenda

- Introduction about ENSPOL project and webinar content (FIRE)
- Case studies (speeches from: Energy Institute Hrvoje Požar, AEA, Ofgem E-Serve, FIRE)
- Discussion
- Closure

Registered people: 59

Participants: 39

4 Conclusion

As for the NOs, certain flexibility has been granted to MS partners concerning the organization of NTCs, as specified in the guidelines. In fact, due to the peculiarity of each country it happened that workshops similar to NTCs were already in place or that it was decided to opt for the workshop solution, especially in countries where EEO schemes are in place since years (France and Italy for example).

Table 2 - Participants to the NTCs per country (cross-country workshop excluded)

Country	1 st NTC	2 nd NTC	3 rd NTC
AT	28	38	-
BE ²	13	-	-
BG	25	28	23
GR	24	45	-
IT	53	29	197
NL	13	-	-
PL	40	50	-
UK	n.a.	9	13

Table 2 shows the number of participants attending each event in the various MS: it is interesting to note that there has been a good answer in terms of numbers, demonstrating that the need for a place where it is possible for the stakeholders to have the chance to face the institutions as well as to express their opinion, in addition to learn more from the comparison to other national experiences (the twinning workshop between Belgium and The Netherlands, but also Greece that include in the NTC agenda the comparison with other schemes – UK, The Netherlands and Australia). The NTCs have been a unique occasion for policy makers to collect also opinions and to use them to decide how to improve the scheme in their country.

Two cross-country workshops have been organized in June 2015 (16 participants from DK, FR, IT, NL, UK) and June 2016 (13 participants from AT, BE, DE, FR, IT, NL, UK). These workshops have been very useful and appreciated by the participant institutions and have been organized as a replacement of national training courses or as an addition to them under the request coming from institutional stakeholder (ministries and regulatory agencies)

² The same participants at the same event, for Belgium and the Netherlands.

interested in confronting different national experiences. The reports of these workshops are under the UK section at the end of this document, since the Energy Saving Trust organised them.

As illustrated in Table 3, the ENSPOL NTCs have been organized in different ways by the MS, as each country faced a previous diverse national condition: in some cases there were already training courses previously organized in the country, as it was the only case of Denmark, or in other cases MS decided to opt for the workshop multi - day format more than the three days NTCs format (Italy, France and UK, for example). All MS decided to organize at least one NTC.

Table 3 - Countries who organized NTCs or workshops

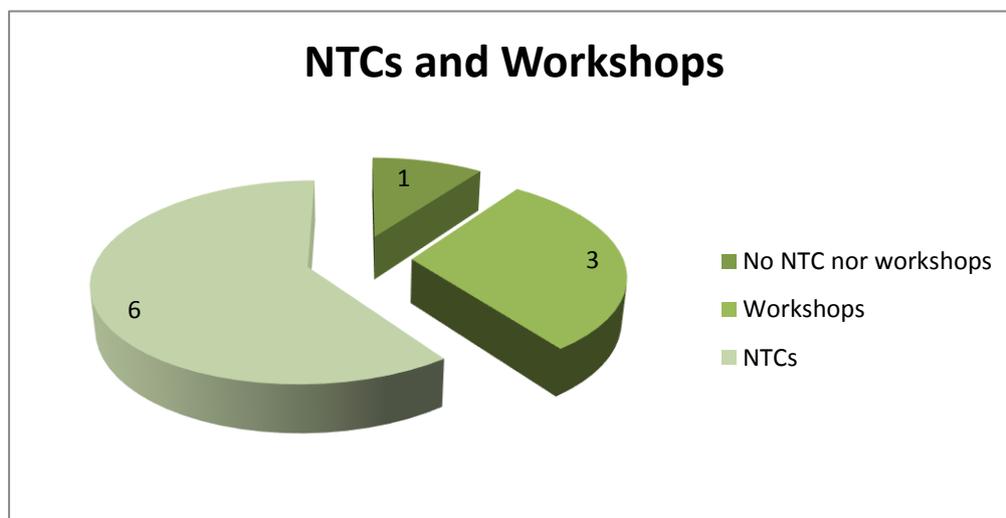


Table 4 summarizes the participants (without the chairman and the speakers) to the seven webinars (the first one was open only to ENSPOL partners). The webinars, which were offered as a plus from the consortium, since they were not included in the project contract, were highly appreciated by the participants and allowed to reach a high number of stakeholders at EU level, avoiding the costs linked to transfers. The discussion was usually interesting and involved many questions from the audience on the discussed topics, apart for the last two webinars.

Table 5 shows which MSs provided speakers for the webinars, either as partners' experts or external presenters (e.g. from ministries, agencies, etc.). Almost every partner's MS with EEO schemes in place contributed to the debate and provided interesting presentation and information, all available in the ENSPOL website.

Table 4 - Participants to the Webinars

Webinar #	Participants
1	19
2	44
3	40
4	33
5	35
6	19
7	39

Table 5 - MSs that provided speakers for the webinars

Country	1 st Webinar	2 nd Webinar	3 rd Webinar	4 th Webinar	5 th Webinar	6 th Webinar	7 th Webinar
AT	-	X	X	-	-	X	X
BE ³	-	X	-	-	-	-	-
DK	X	-	-	-	-	-	-
FR		X	X	X	X	X	
IT	X	X	X	X	X	X	X
NL	-	X	-	-	X	-	
PL	X	-	-	-	-	-	-
UK	-	-	X	X	X	-	X

³ The same participants at the same event, for Belgium and the Netherlands.

5 Appendix: NTCs country reports

5.1 Austria

REPORT ABOUT THE FIRST NATIONAL TRAINING EVENT

Location, date and time

The meeting took place on 11 December 2015 from 10 am to 4 pm.

Participants

28 people took part in the meeting: representing institutional bodies (Ministry of Economy, Ministry of Environment, energy agency and Monitoring body), federal states, industrial and trade associations, interest organisations, as well as obliged parties or market operators. The Austrian Energy Agency organised and chaired the event.

Agenda

As discussed during the first workshop, Austrian workshop participants were interested in knowing more about the whole process display and the required steps when implementing a measure from customers to energy suppliers. Due to this reason the training has been dedicated to this topic. This workshop was directed towards the obliged parties. The Austrian Federal Energy Efficiency Act has introduced an energy efficiency obligation scheme (EEO) in 2015 that will contribute to the implementation of Article 7 of the EED. This newly introduced EEO system is rather complex and especially with obliged parties lots of discussions are ongoing. All retail energy sales companies selling more than 25 GWh in the previous year are obligated. Hence this training has been important to discuss the application of the Energy Efficiency Law.

During this workshop the proposed energy efficiency methods have been discussed as well as the coordination procedure. Furthermore, needs for additional methods needs of energy suppliers have been discussed with regard to 2016.

- a) Short Introduction
- b) Discussion of possible methods
- c) Resume and brief outlook

Main results

- During this workshop the proposed energy efficiency methods have been discussed as well as how the reporting of energy efficiency measures within the frame of the EeffG (energy efficiency law) works
- Furthermore, needs for additional methods of energy suppliers have been discussed with regard to 2016.
- Discussion on how to develop new methods
- Data protection issue has been raised again – industrial measures, passing on information/ Reporting of measures by big entities (e.g. federal government) and their subordinate bodies
- The stakeholders would like to have another training session on the exact application of methods and the proofs that have to be delivered. Workshop in March 2016 would be used for that.

REPORT ABOUT THE SECOND NATIONAL TRAINING EVENT + CAPACITY BUILDING WORKSHOP

Location, date and time

The meeting took place on 21 March 2016 from 10 am to 4 pm.

Participants

38 people took part in the meeting: representing institutional bodies (Ministry of Economy, Ministry of Environment, energy agency and Monitoring body), as well as obliged parties or market operators. The Austrian Energy Agency organised and chaired the event.

Agenda

According to the needs of the obligated parties (feedback after workshop in December 2015) this workshop was used to discuss again the notification of methods, additionality aspects and double counting as well as monitoring & verification aspects. As Capacity Building element the newest results from the ENSPOL project have been presented.

1. Application for Energy Efficiency Act (database) - Message in practice , experience;
2. Presentation Methods proposals/ Other methods Wishes;
3. EU Project ENSPOL - Options for implementing Article 7 of the EED - ENSPOL News, current results and studies as well as hot topics such as “Additionality” and “Double Counting”.

Main results

- During this workshop the reporting of measures has been discussed, as obligated parties still have problems with that. Still uncertainties about the process as well as additionality aspects. Issues concerning the documentation of measures have been discussed.
- Furthermore, needs for additional methods of energy suppliers have been discussed with regard to 2017.
- Discussion about the monitoring and verification process.
- News from the ENSPOL project, new reports, findings, experience from partner countries.

5.2 Belgium

Twinning workshop BE-NL

15 September 2015 – Brussels (Belgium)

Summary

Agenda

Time	Subject
10:00 – 10:20	Introduction
10:20 – 11:40	Industry and Voluntary Agreements (VAs) & Article 7
11:40 – 12:30	Buildings and Voluntary Agreements (VAs)
12:30 - 13:30	Lunch
13:30 - 14:30	Article 7 – Buildings
14:30 - 15:00	Closing and potential follow-up

Industry & Voluntary Agreements

In order for VAs to be successful it was highly recommended that they are negotiated with relevant sector stakeholders, to such an extent that the industries' concerns have been properly shared and considered (open dialogue). It was also noted that VAs in industry were not the only incentive in place. This implies that there are always concerns related to double counting, materiality and additionality. Between the workshop participants there was a common understanding that for example the economic crisis and/or volatile energy prices can have a major influence on the business as usual EE efforts in industry. It was also acknowledged that it is very difficult to properly and reliably isolate the EE-effect of a single policy instrument and separate it from other external factors. Although the claimed savings

can be considered additional, as the VA goes beyond the EU legal minimum performance levels, these 'additional' claimed savings might still be the result of autonomous or other external factors. To 'correct' the claimed savings for such factors it was suggested to also consult literature (ODYSSEE) results to obtain (default) correction values for autonomous savings. However, the use of such literature values is also subject to debate and might not always fit within the context.

Buildings & Voluntary Agreements/Policy Measures – Article 7

Within the sub-sector existing buildings there is no hard legal basis to enforce market actors to improve the building stock (if no building permit is required for renovation). It was mentioned that the introduction of the energy labelling system for houses in NL has created a more comprehensive framework for monitoring the energy performance of the building stock, but the labelling scheme in itself - thus far - has not improved the EE performance of buildings.

Considering that for the build environment almost always a mix of instruments is used, the workshop participants agreed that for art. 7 double counting issues are best managed by assigning all savings to one particular instrument and not claim savings for other auxiliary policy instruments. More advanced allocation methods were also considered valid, but there was a concern that this would create an even more complex information environment (and could even increase the MRV requirements).

A major challenge for the Brussels region is in designing the right type of instruments that are able to deal with the split-incentive problem for the large amounts of tenants in the Brussels region (about 60% of all houses are tenant houses). Although this is quite a common problem throughout the EU, the Brussels regions' dependence on this sector for EED compliance makes the challenge more pronounced.

Finding the right operational split between additional and non-additional energy savings, especially in the built environment, but also in industry remains subject to debate. The discussion shows that in specific cases the legal minimum requirements (of the EPBD) are not yet fully met which could render additional policy efforts less effective (as they could overlap in stimulate investments in EPBD eligible measures).

2. Follow-up

Additionality

Could the ENSPOL project deliver some more holistic insights into the concept of additionality and try to explore the question how much time and resources could/should be spent on proving the additionality of EE-actions? Linked to that is the more general question on the proportional effort which can be spent on EED compliance monitoring and reporting in a EU member state?

EC pilot, time and resource availability

The EU pilot to – at least – the three Belgium regions and the Netherlands appear to show some inconsistencies in terms of the type of clarification requests asked. As a result of the workshop, participants are not fully certain about the underlying rationale of some notification questions, while at the same time, the resources and time to be spent on trying to answer such questions are increasingly coming at the expense of the time and resources available for trying to directly facilitate market operators in realising the desired energy savings. Could the ENSPOL project provide some further insights on this matter (perhaps by evaluating of some of the EC notifications to MS? And or trying to map how long and what resources the various EU MS have available for both implementing and executing EE programmes as well as for EED compliance monitoring and reporting).

Information requests

Belgium workshop participants were interested in knowing more about elasticities, and how to link elasticities to EE measures.

The Belgium workshop participants expressed their interest in the information about the German EE instruments, as they were considered to contain valuable insights.

There was a request for making the presentations of the twinning workshop available to all participants, together with a who-is-who list (done).

Possible follow-up NL-BE twinning session

Both the Belgium and Dutch participants agreed that there could be added value in setting up an informal meeting well before the 2nd EED reporting deadline in April 2016. The ENSPOL project offered to mediate, and would call all representatives some point mid-January to plan for a possible meeting in February 2016.

5.3 Bulgaria

REPORT ABOUT THE FIRST TRAINING WORKSHOP

Location, date and time

The meeting took place at the Congress Center, International Fair of Plovdiv, in Plovdiv on September 29, 2015.

Participants

25 people took part in the meeting: 3 from institutional bodies (Ministry of Environment and Waters, Executive Agency for Environment Protection, National Agency for Sustainable Development), 3 from industrial and trade associations, 9 were obliged parties or market operators (distributors, ESCOs, energy managers).

Agenda

- EED Article 7 requirements.
- Basic information about EEO schemes;
- Basic information about alternative measures;
- Information and support activities experiences
- Information on the first report on White certificate report within Capacity building project within Operational program “Competitiveness of Bulgarian Economy”

Main results

A team of Association of Bulgarian Energy Agencies carried out the first training workshop. The representative audience was trained on the EED Article 7 requirements. Basic information about EEO schemes; and alternative measures were introduced together with some examples from Italy, Denmark, UK and France. Presentations and other information materials were delivered to the participants.

REPORT ABOUT THE SECOND TRAINING WORKSHOP

Location, date and time

The meeting took place at the Rila Hall, Inter Expo Center in Sofia on June 7 .2016

Participants

28 people took part in the meeting: 3 from institutional bodies (Ministry of Environment and Waters, Executive Agency for Environment Protection, National Agency for Sustainable Development), 3 from industrial and trade associations, 9 were obliged parties and energy managers. ABEA moderated the discussions.

Agenda

- Detailed excursus on EEO schemes in Bulgaria;
- Targets, obliged and voluntary parties, Involved sectors, Involved energy efficiency solutions;
- WhC, tradable systems;
- Cost recovery and system costs;
- Public and private managing bodies, verification and control, fines for non-conformities.

Main results

Detailed information was carried on the topics in agenda. It was underlined that WhC do not replace existing policies and measures in the field of energy savings, but rather appear as a supplement. In the core of WhC stands commitment to energy savings attributable to energy traders. Players can use certificates for their own purposes or if they have generated more than necessary certificates, they can sell them to other obligated persons who have not attained their goals.

WhC are generated mainly by non-obligated persons who carry out projects / energy savings measures on market principles.

On Bulgarian market one white certificate is defined as one ton of oil equivalent primary energy (1 WhC = 1 toe). The validity of WhC was discussed: for long-term measures with technical life longer than five years, the cumulative value of savings is allocated proportionally within five years. In short-term measures with technical life of less than five years, the cumulative cost savings will be allocated proportionally within the two years.

REPORT ABOUT THE THIRD TRAINING WORKSHOP

Location, date and time

The workshop was held on June 24, 2016 in Hisarya.

Participants

23 persons from different institutions attended.

Agenda

- Detailed excursus on alternative measures;
- Subsidies, loans, guarantee and other revolving funds, carbon tax;
- Voluntary agreements;
- Methodologies for assessment of energy savings.

Main results

There was a long discussion with the speakers, aimed at better understanding the opportunities for implementing energy efficiency measures in the public and private sectors. In particular many questions were related to alternative measures that were expected to be introduced in Bulgaria. Many questions involved technical details about methodologies for energy savings calculations. It was decided ABEA to apply for participation in the technical committees for development and adoption of the 50 methodologies for energy saving assessment. The candidacy was approved by the National Agency for Sustainable Development.

5.4 Greece

REPORT ABOUT THE FIRST NATIONAL TRAINING COURSE

Location, date and time

The course took place at the premises of Ministry of Environment and Energy in Athens from 1 July 2015 to 3 July 2015 (09:00 pm to 16:00 pm).

Participants

The first day of the course totally 24 people took part, while the second and the third day 25 and 21 people participated. CRES chaired the organised event in cooperation with UNIPI.

Agenda

a) 1st day

- Presentation of ENSPOL project
- Presentation of Article 7 of the EED
- Implementation of alternative measures in EU level
- Implementation of alternative measures in national level
- Presentation of alternatives measures in Netherlands

b) 2nd day

- Implementation of obligation schemes in EU and non-EU level
- Presentation of alternatives measures in UK and Australia
- Energy markets characteristics in combination with the design of the obligation schemes

c) 3rd day

- Analysis of the technical issues of Article 7
- Monitoring and measurement of energy savings: ODYSSEE-MURE project

Main results

The meeting received positive feedbacks by the participating stakeholders. It was confirmed the complexity during the implementation of Article 7 for both of the alternatives measures and obligation schemes. The more in-depth analysis of specific best practices is crucial for the effective design and implementation of the required measures in order to fulfil the foreseen target.

REPORT ABOUT THE SECOND NATIONAL TRAINING COURSE

Location, date and time

The course took place at the premises of Ministry of Environment and Energy in Athens on 8 June 2016 (09:00 pm to 16:00 pm).

Participants

Totally 45 people participated in the training course. The majority of the participants were representatives from the potential obligation parties and various technical associations, which can contribute to the energy efficiency obligation scheme through voluntary agreements with the obligated parties.

CRES chaired the organised event in cooperation with UNIPI.

Agenda

- Current status of Article 7's implementation in Greece
- Comparative analysis of the introduced EEOs in the EU
- Implemented energy efficiency measures in the residential and tertiary sectors within the framework of the EEOs in the EU
- Implemented energy efficiency measures in the industrial and transport sectors within the framework of the EEOs in the EU
- Bottom-up estimation of the achieved energy savings: The experience of multEE project
- Calculation of the cost-effectiveness of the energy efficiency measures
- Guidelines for the efficient design of the EEOs

Main results

The meeting received positive feed-backs by the participating stakeholders. The discussion focused on the obligation parties' feasibility and capability to design and implement specific energy efficiency measures.

Furthermore, the necessity to introduce flexible and efficient financial mechanisms was highlighted in order to facilitate the achievement of the imposed targets from the obligated parties with the lowest imposition of economic burden to the final consumer.

The establishment of a transparent and simplified measurement, monitoring and verification scheme is also crucial. Finally, the provision of technical assistance to the obligated parties is considered as a prerequisite for the effective initiation of the energy efficiency obligation scheme.

5.5 Italy

REPORT ABOUT THE FIRST NATIONAL TRAINING COURSE

Location, date and time

The course took place at the Regione Piemonte auditorium in Turin on June 12th 2015.

Participants

53 persons took part in the event: public authorities' officers, energy managers and professionals, ESCOs.

Agenda

9,30	Registration	
10,00	Introduction	Giuseppina De Santis, Regione Piemonte Dario Di Santo, FIRE
10,10	Use of resources at local level: options and examples	Dario Di Santo, FIRE
10,30	The Heat Account: news to use the incentive scheme in the public sector	Davide Valenzano, GSE Ennio Ferrero, GSE
11,15	Incentives for public bodies: Ministry of Economic Development and Ministry of Environment programmes	Mauro Marani, ENEA
12,00	Structural funds: opportunities for energy efficiency	Stefania Crotta, Regione Piemonte
12,45	Discussion	
13,00	Closing	

Main results

The workshop received positive feedbacks by the participating stakeholders and there was a long discussion with the speakers, aimed at better understanding the opportunities for implementing energy efficiency measures in the public sector. In particular many questions were related to the Heat Account scheme, the Italian alternative measure focused on the

public sector (available also in the private one, but only for interventions related to thermal renewables). Many questions involved EPC and how to use it.

REPORT ABOUT THE SECOND NATIONAL TRAINING COURSE

Location, date and time

The course took place at the Regione del Veneto “Grandi Stazioni” building in Venice on December 15th 2015.

Participants

29 persons took part in the event: public authorities officers, energy managers and professionals, ESCOs.

Agenda

9,30	Registration	
10,00	Introduction	Roberto Marcato, Regione del Veneto
10,15	Use of resources at local level: options and examples	Dario Di Santo, FIRE
10,35	Consip’s product and services for public buildings energy renovation	Maurizio Ferrante, CONSIP
11,00	The Heat Account: news to use the incentive scheme in the public sector	Ennio Ferrero, GSE
11,30	Incentives for public bodies: Ministry of Economic Development and Ministry of Environment programmes	Mauro Marani, ENEA
12,00	Structural funds: opportunities for energy efficiency	Giuliano Vendrame, Regione del Veneto
12,30	Discussion	
13,00	Closing	

Main results

The workshop received positive feedbacks by the participating stakeholders and there was a long discussion with the speakers, aimed at better understanding the opportunities for

implementing energy efficiency measures in the public sector. As with the 1st workshop, many questions were related to the Heat Account scheme and to EPC.

5.6 Poland

REPORT ABOUT THE FIRST NATIONAL TRAINING COURSES

Location, date and time

The first National Training Course in Poland was combined with the EFE Industrial Energy Efficiency Trade Fair organized in Krakow on 25 and 26 November 2015 (from 10 am to 3 pm).

Participants

Over 40 participants were present on trainings organized under ENSPOL project by KAPE.

Agenda

1. ENSPOL project – main objectives and results.
2. White Certificate Scheme in Poland – Energy Efficiency Act implementing Article 7 of Energy Efficiency Directive
3. White Certificate Scheme – benefits for enterprises
4. Methods of financing for energy efficiency investments
5. Energy Efficiency in lighting – energy audit for industrial plant
6. Scope and rules of audit
7. Presentation of Greenfoods project results

Main results

During the trainings industrial stakeholders had the opportunity to learn and discuss about the main issues and technical aspects of white certificate scheme.

The meeting received a very positive feedback as the participants could during consultation session ask and receive information on the possibilities given by the WC Scheme.

REPORT ABOUT THE SECOND NATIONAL TRAINING COURSES

Location, date and time

The second National Training Course in Poland was organized on 9th (from 2pm to 7pm) and on 10th (from 10th am to 12:15 pm) of June 2016 at Business Centre Club premises in Warsaw.

Participants

Over 50 participants were present on trainings organized under ENSPOL project by KAPE.

Agenda

1. ENSPOL project – main objectives and results.
2. EU-MERCI project – objectives and tasks
3. Energy Efficiency Obligation Schemes in EU – implementation of Art. 7 EED on the basis of ENSPOL analyses
4. How to implement successfully Art. 7 – workshop session
5. Energy Audit - effective tool for optimizing energy consumption in industrial plants
6. Energy Efficiency in Industry – good practices (examples of Rockwool, Schreder, 7Bar)
7. Energy Efficiency National Fund – financing opportunities for energy efficiency investments
8. Amendments to Energy Efficiency Regulations in Poland

Main results

During the trainings stakeholders mainly from companies taking actively part in White Certificate Scheme in Poland and those interested in future energy efficiency investments had the opportunity to learn and discuss about the main issues and technical aspects of the scheme together with representatives of Ministry of Energy and Energy Regulatory Office.

In the first day after presentations of different solutions that other countries implemented there was a workshop session which gave the opportunity to discuss on the best possible solution in Poland.

Next day was started by the presentation of representatives of ERO and it was followed by discussion on new regulations.

5.7 The Netherlands

REPORT ABOUT THE TWINNING WORKSHOP BE-NL

The EU pilot to – at least – the three Belgium regions and the Netherlands appear to show some inconsistencies in terms of the type of clarification requests are asked. As a result of the workshop participants are not fully certain about the underlying rationale of some notification questions, while at the same time, the resources and time to be spent on trying to answer such questions are increasingly coming at the expense of the time and resources available for trying to directly facilitate market operators in realising the desired energy savings. Could the ENSPOL project provide some further insights on this matter (perhaps by evaluating of some of the EC notifications to MS? And or trying to map what time and resources the various EU MS have available for both implementing and executing EE programmes as well as for EED compliance monitoring and reporting).

Information requests

Belgium workshop participants were interested to know more about elasticities, and how to link elasticities to EE measures.

The Belgium workshop participants expressed interest in information about the German EE instruments, as they were considered to contain valuable insights.

There was a request for making the presentations of the twinning workshop available to all participants, together with a who-is-who list (done).

Possible follow-up NL-BE twinning session

Both the Belgium and Dutch participants agreed that there could be added value in setting up an informal meeting well before the 2nd EED reporting deadline in April 2016. The ENSPOL project offered to mediate, and would call all representatives some point mid-January to plan for a possible meeting in February 2016.

5.8 UK

ENERGY EFFICIENCY DIRECTIVE, ENSPOL ARTICLE 7 WORKSHOP

Location, date and time

Wednesday 17th June 2016, 10.00-14.00, European Commission, Borchette Center, 36 Rue Froissart, Brussels

Participants

Country	Name	Organisation
DK	Jacob Høgh	Danish Energy Association
DK	Tina Sommer Kristensen	Centre for Business & Industry
DK	Kamilla Thingvad	Danish Energy Association
FR	Elodie Trauchessec	ADEME
FR	Alexandre Dozieres	French Ministry for the Environment
IT	Agime Gerbeti	GSE
IT	Gabrele Susanna	GSE
IT	Davide Valenzano	GSE
IT	Dario Di Santo	FIRE
NL	Vlasis Oikonomou	JIN
UK	Gervase Poulden	DECC
UK	Carolina Valsecchi	DECC
UK	Chris Hunt	DECC
UK	David Weatherall	EST
UK	Katie Hoy	EST
UK	Tina Fawcett	Oxford University

Summary of discussions

Additionality

Governments, energy agencies and obligated parties are all keen to understand what additionality means. Governments want to design scheme rules, and interaction with other policies, to ensure additionality can be demonstrated. Additionality can be about:

- Doing things earlier
- Doing things better
- Doing things which would not have been done at all otherwise

The balance between these forms of additionality seems to vary between countries. In DK the basic rationale of what a policy measure like EEOs can hope to achieve in many (but not

all) of the reported projects is simply advance replacement of equipment. This is also part of the reason why savings are measured as first year savings because there is no way of knowing how many years replacement was advanced. When replacing broken-down equipment (when cost of repair exceeds 25% of cost of replacement) within the Danish EEO, the baseline is the market average of sold equipment. In such cases additionality is achieved by doing things better...

Additionality is getting harder to ensure, as a result of Article 7 rules, particularly for the household sector. Given the EUEED there are far fewer mass market measures which can be included in EEOs due to ecodesign. Introduction of Article 7, probably has had greatest impact on defining additionality in the residential sector - and therefore greatest impact on the UK EEO, which only covers the residential sector.

Consequences of tighter additionality

- In France, using the eco-design directive requirements as a baseline for energy savings has tremendously reduced some operation deemed savings.
- In the UK the focus of the scheme is much narrower than previously.
- In Denmark the size of savings in the residential sector resulting from advance replacement will most likely not be impacted by Article 7 requirements from the perspective of end-users. This is possible because the target in Denmark is twice that of the minimum requirements. Of course these savings cannot be reported to the EC but obligated parties will most likely still be able to report these savings to the Danish Energy Agency.
- As there are fewer opportunities for installing easy measures, there are more risks of perverse effects of well-intentioned scheme rules. For example, in the UK some loft insulation is being topped up - is this OK? Have to ensure that there are not incentives for contractors to (pointlessly) remove old insulation so they can claim greater credits for installing greater depth of insulation. For lofts, France 10cm insulation is already fitted in lofts and DK assume 5 cm.
- Additional complexity of monitoring and evaluation.

Baselines and counterfactuals: residential sector

It is possible to change rules around additionality according to market development - this approach works for mass market measures, but is much less easy to apply to investments in the industrial sector. Some very sophisticated methods of market surveillance and modelling are being invested in. Is this out of proportion to the risk of non-additionality?

DK: Rules in are that payback may not be lower than 1 year in all sectors. Approx 25% savings expected from household sector. Much lower level of subsidies expected for households - maybe 5-10% of purchase price (no date is available) and 50% in industry (no date is available).

FR and DK: don't distinguish between additionality and materiality

UK: ex post evaluation - use a baseline which includes trends, policies, technological process, price change etc.

Baselines and counterfactuals: industrial sector

IT: Nobody knows what the baseline is for big industrial systems - very heterogeneous. Trying to simplify by adopting rules such as heat recovery will be counted as additional. Starting with buildings because these are easier. Thinking about it now - but very difficult.

Industrial / commercial measures. In DK and IT invoices must be supplied for each project, and the date on the agreement must be before the project has been carried out. Have to prove it has been done (sample basis). France has a 3 year payback period as a minimum. Invoices can be checked and audited, but how reliable are end-users and proponents?

The Italian system could result in up to €200m of white certificates for one industrial installation. Which is why the baseline issue is so serious. In France the biggest single scheme has been worth €2m. A lot of time is spent by ADEME and the ministry before giving the go-ahead to these larger schemes, which are relative small in number, but time-consuming to deal with.

DK: How to evaluate the savings that come from system optimisation - savings that can only be seen through advice - spotting good opportunities?

Combinations of policies

FR - EEO is used as a targeting method, advice is added value for the household sector. Tax credits are the main source of money for the residential sector. There are many schemes in FR and householders are easily lost. However, a big communication scheme recently raised interest in these various schemes, including the EEO. With the crisis, FR people financing measures out of savings not loans. Tax credit scheme benefit mainly richer hh. Separate EEO scheme for low income to be launched soon.

IT: Can't accumulate different subsidies / schemes.

Accounting for savings

UK scheme currently doing house-by-house assessments of potential for savings (due to a link with another policy, Green Deal, which requires this level of analysis to offer loans). Possibly going back to deemed scores in 2017.

Questions about additionality

Could additionality in the industrial sector be related to guidelines for state aid? This is of concern to Italy. This isn't of concern in Denmark as the EEO is fully funded by energy companies.

Double counting

DK: does not have a central system for recording all savings. Evidence shows that there is a very low level of double counting in terms of more than one company claiming some measure. Each obligated party has its own database. Denmark had a very problematic central database in 2006 - companies didn't want it - hence the move to separate databases.

FR - pretty confident there is no double counting (central database through the national register and check by address)

IT: Problem of central dataset is common. GSE performs checks and document checks.

UK: all subsidised measures have to be professionally installed to quality standards. These are recorded per address, and this avoids double counting. In addition, every action has a reference numbers. Check there are not multiple actions for the same address. Some actions are not compatible.

There are increasing levels of data collected and available. The increasing use of smart meters may make more even more detailed data available (evaluation of savings based on actual data in households?). Managing this, and ensuring accuracy of databases is non-trivial.

Cost

Cost recovery

DK: DSO has full cost recovery and is passed to the consumer. It is a natural monopoly. The regulator knows this. Recently have introduced a scheme whereby the top 5% most expensive obligated parties have to explain why they have high costs. The Energy Agency can investigate these. There is a factor of 2 different in the costs of different DSOs - but don't know why this is. The EEO adds about 2% to bill costs.

IT: Authority sets distribution tariff, which is based on market prices of white certificates. Prices are disclosed for all bilateral transactions, so prices are known in great detail. Adds costs = 0.4% of residential electricity price. This amounts to about one quarter of the full social charges added to bills. There is relatively little risk of distributors losing or gaining significant amounts of money under this system. Distributors want to keep the price lower. There is a law in place which limits expenditure on energy efficiency to a maximum of 1bn euros on bills.

UK: costs on customer bills is a very sensitive issue and this places restrictions on the scale of the scheme.

Cost trends

Why are costs not increasing in Italy or France? Flexibility of target, broad based obligation - giving many different savings opportunities.

Common themes

Not knowing user investment costs - reporting this is not mandatory

There is a tension between commercial sensitivity vs cost transparency.

White certificates

In France the price of white certificates is reducing. Some obligated parties have huge stock of energy saving certificates, which are not worth what they were. Local Authorities are holding some of these.

Trading and timing

The UK, France and Italy all have different systems of trading certificates / savings, and of accounting for energy savings.

- Italy - trades certificates over a number of years
- France - all at once certificates
- UK - lifetime savings sold up front. Parties have to sell certificates within one month of completion of work. There have been problems with price volatility due to changing scheme rules.

Risks

In DK there is no risk for the installer - all risks are transferred to the obligated party. Risks high costs than competitors. Risk in the market is minimised.

Competition and costs

FR - competition within scheme due to transport fuel suppliers, ESCOs. Not due to retail competition - where EDF and ENGIE (ex-GDF) are still very dominant players.

Questions about costs

- How do you know how much energy supplier costs are?
- How are costs split between different types of customer (by sector), regionally (relevant for Scotland within the UK), cost recovery via standing charges or per kWh?

- More transparency on price? Would this help deliver lower costs? Could force prices up or down.
- How much contribution do customers typically make alongside supplier obligation money?
- What are the additional costs resulting from tackling low income / fuel poor households?

Other topics

- How much of the scheme is customer demand led? In DK scheme used to be led by energy companies making offers to their customers.
- UK concern - how to get householders interested in energy efficiency?
- Italy - main tax intervention is for double-glazing. Tax deductions used only in the domestic sector.
- UK future plans - can do a data matching service to help identify households in fuel poverty.
- Energy efficiency used to help with competitive advantage by energy retailers in Italy.
- Different average lifetime for measures - DK - 7 years, FR = 12 years.
- Cultural barriers and cultural differences particularly with respect to compliance and trust revealed through various conversations.

RESEARCH ON DEMAND REDUCTION OBLIGATION AND RELATED IDEAS

Nick Eyre & Tina Fawcett, Environmental Change Institute, University of Oxford (on behalf of the ENSPOL project), September 16th 2015.

Literature on DRO-related ideas

The earliest variant on this idea we are aware of was a brief proposal for an ‘Average Utility Carbon per Household’ target, which was outlined in the ECI report Lower Carbon Futures (Fawcett et al, 2000: 74-75). This suggested giving utilities carbon reduction targets for residential use of gas and electricity. This idea wasn’t pursued in detail, or particularly widely discussed.

The first detailed description of a ‘supplier cap and trade’ is the work that Nick Eyre did in the 2002 Energy Review (as sent to DECC already). This simply lists the possible advantages and disadvantages. There was more discussion and analysis done in a Defra consultation process in 2006, in which the paper commissioned from NERA was probably the most substantial contribution (NERA 2006). Supplier cap and trade is also briefly discussed in Roberts and Thumin (2006). Some of the debate around this idea is captured in the

Environment, Food and Rural Affairs committee report (HoC 2007:103). The consultation process obviously decided not to go down the 'cap and trade' route for CERT in 2008. The broad argument for this is summarised in Eyre (2008).

Following the rejection of a cap and trade approach for CERT, there appears to be little if any UK-based discussion of this idea until the recent CSE report.

Personal Carbon Trading

Although, at first sight, this is a different mechanism from a DRO there are some strong similarities. The significant differences are the metric of the cap (carbon or energy) and the initial allocation of rights (consumers or energy suppliers). In terms of the research, that which has been on the economic case for a cap and trade rather than taxation scheme is relevant, as would be discussions on regulation and enforcement. The research on economic, social and psychological mechanisms for change due to the policy has been based on individuals and would not translate well to a DRO. Similarly the research on public acceptability is based around individual cap and trade. For a summary of research on this topic, see Parag and Fawcett (2014).

In effect having a DRO is creating a decreasing energy (or carbon) ration per individual, it's just that the responsibility to understand and manage it lies with suppliers rather than individuals.

European & Global experience

None of the European countries which have supplier obligations has experimented with a demand reduction obligation, neither have jurisdictions in the USA, Australia or Canada. Detailed descriptions of policies in these countries is available via the ENSPOL website: <http://enspol.eu/results>

Literature on the consequences of DRO

Although there is very little literature on DRO-like ideas, it could be useful to look at literature which considers some of the elements of DRO. For example, one of the key arguments in favour of a DRO is that it could align energy suppliers' business logic with the need to reduce energy demand and carbon emissions. This obviously links to ideas around ESCOs - on which there is a quite lot of research material - no doubt people in DECC are aware of this. For example, there is a recent paper on experience in Finland which includes thoughtful analysis on whether and how energy suppliers in a competitive market can become more like ESCOs (Apajalahti et al, 2015).

ENERGY EFFICIENCY DIRECTIVE, ENSPOL ARTICLE 7 WORKSHOP

Location, date and time

January 15th 2016, 10:00-13:00, Energy Saving Trust, 21 Dartmouth Street, London, SW1H 9BP

Participants

Nick Eyre, Environmental Change Institute, University of Oxford (Chair) Tina Fawcett, Environmental Change Institute, University of Oxford Pedro Guertler, Association for the Conservation of Energy (ACE), Jan Rosenow, Ricardo AEA / University of Sussex Ben Sayah, National Energy Action (NEA), Richard Twinn, UK Green Building Council (UKGBC), David Weatherall, Energy Saving Trust, Joseph Cosier, Energy Saving Trust, Eoin Less, Eoin Less Energy, sent in written contributions to the meeting but was unable to attend.

Overview

The aim of this meeting was to discuss findings from the ENSPOL project with a small group of experts from NGOs, in order to help inform responses to the consultation on Article 7 of EED, which closes on 29 January 2016. Joseph Cosier (EST) and Tina Fawcett (ECI) presented context and information from ENSPOL (slides available here [\[insert hyperlink when available\]](#)), and Jan Rosenow (Ricardo AEA / University of Sussex) shared his additional experience of working on Article 7 compliance for DG ENERGY.

All of the NGOs who attended are likely to respond to the Article 7 consultation, either alone or as part of a consortium.

General discussion

Article 7 can be seen as pushing MS that lack capacity towards obligation schemes. As ENSPOL shows, successful EEOs have been introduced gradually and became more ambitious over time - so new EEOs, which promise high levels of savings, may be at strong risk of failing to deliver. Although EEOs only account for 16 out of 479 of the policies that have been reported to the European Commission they do account for a significant amount of the energy savings.

There is an issue of lack of additionality between EPBD and EED. Building regulations in particular are thorny as they are captured under the EPBD so shouldn't really fall under the

EED, this is especially true for the UK as picked up in the discussion on the matter later in the session. Both Article 7 and EPBD are complex pieces of legislation, and the meeting concluded that only a small number of people understood either well, and there is very little understanding of the relationship between the two, and what that means for MS submissions.

Unresolved areas

The numbers the government has put forward in its submission for compliance with Article 7 were discussed and looked at and it seems like an interesting area to look into further.

Buildings regulations dominated a large part of the debate at the event. The quoted contribution of UK building regulations to our Article 7 compliance form a large part of the UK's energy savings. If they were not included in the submission then the UK would not meet its 324TWh target. This is definitely an area that it would be useful to look into further. Any findings would also be of interest to the European Commission.

Policy mix

Findings from ENSPOL on policy mix were briefly presented and discussed - showing the hugely varied response of MS to Article 7, and pointing out areas where policy overlap might potentially lead to lower than anticipated savings.

Glance at consultation questions

Main questions:

- 3.1. Are you aware of any energy efficiency measures that have been carried out or are planned in your country, by the utilities or third parties in response to an energy efficiency obligation scheme?
- 3.2. In your view, is Article 7 (energy efficiency obligation scheme or alternative measures) an effective instrument to achieve final energy savings?
- 3.3. What are, in your view, the main challenges or barriers to implementing Article 7 effectively and efficiently in your country? Tick list provided in doc.
- 3.4. Do you believe that the current 1.5% level of energy savings per year from final energy sales is adequate?

3.5. Should energy efficiency obligation schemes have specific rules about energy savings amongst vulnerable consumers?

Some of the main issues that were picked up here include:

- The benefits and possibility of having longer term savings incorporated into Art.7
- The fit between Art.7 and other policy instruments
- Vulnerable consumer definition and how to include it in Art.7
- 3.1. This question seems aimed at MS that may have an EEO on paper but where in reality there is little happening on the ground. Therefore not much detail is needed in this response from a UK perspective.
- 3.2. Yes, an EEO is an effective tool to achieve energy savings but is not the only one.

We discussed a number of issues with the EED, in particular:

- Sunset clauses, this is more of an issue for newer MS than more established ones. You could reword and adjust Art7 to encourage long term savings. As it stands, the closer you get to 2020 the less the incentive is to implement LT measures
- Art 7 should be extended beyond 2020 which should be identified in question 8.1.
- Tensions between what Article 7 proposes and the focus in the UK towards fuel poverty. Tackling fuel poverty doesn't necessarily deliver large energy savings.
- In the UK you have the additional issue that the supplier obligation is ill suited for tackling fuel poverty as it can be regressive, better suited to cheap measures.
- 3.4. Interesting question but it immediately raises another one: what is deemed adequate? Adequate for what? Arguably the 1.5% target is consistent with 27% energy saving target as some analysis is showing that we'll already achieve that in a business-as-usual scenario.
- However the 1.5% figure is not adequate if the European Commission is hoping to achieve 1.5°C of global warming for 2050. Also, if it truly were a 1.5% target without any exemptions then that in itself would be quite strong however as most MS actually adopt the transport and other exemptions available, hence it's more like a 0.75% target.

- 3.5. Yes, this would broadly be a positive development. The UK is actually ahead of the curve compared to a lot of the EU.
- The first hurdle will be agreeing on a definition however as there is no recognition of fuel poverty in some MS hence clarification on what is meant by 'vulnerable consumers' is needed first.

In general, simplifying Article 7 was thought to be important in improving it, as was providing further reporting guidance to MS. The various exemptions could be removed - this would make it simpler for MS and the EC. The rationale behind having the exemptions is not obvious - and serves little purpose as nearly all MS use all the exemptions to their fullest extent. The requirements for monitoring and verification are vague and this has resulted in the EC not knowing what is happening on the ground. A way to help rectify this would be to give MS a monitoring/verification template that MS have to fill in to standardise the process and make sure MS are assessing the right things.

Current state of play with Article 7

At an aggregate level the savings are more or less where the EC expected them to be, about 3% less than projected due to some MS overachieving on their required savings. However the two biggest problems are additionality and monitoring and verification.

In both the work for DG ENER and ENSPOL, additionality is an issue that has been looked at; double counting, eligibility (inc. PV as energy saving measure) and materiality (whether a significant contribution is being made). The findings on additionality are that 14% of measures are not additional and for another 19% it is not clear. Meaning that up to 33% may not be additional.

Monitoring and verification; crucially it is impossible to quantify the gap between notified savings and actual savings. All you can really look at is the risk.

Buildings directly account for 42% of energy savings. Another 44% of savings come from a mix of sectors ('cross-cutting measures) of which buildings make a part but difficult to say how much of the 44% is from buildings. The estimate in the meeting was that 60-70% of energy savings probably come from buildings.

ENERGY EFFICIENCY DIRECTIVE, ENSPOL ARTICLE 7 WORKSHOP

Location, date and time

Tuesday 14th June 2016, 09.00-14.00, European Commission, Brussels, SALLE F.LAMOUREUX (DM28-00/54), RUE DEMOT 28

Participants

Country	Name	Organisation
AT	Gregor Thenius	Austrian Energy Agency
BE	Ils Moorkens	VITO
DE	Ludwig Duvigneau	Federal Ministry of Economics and Energy
FR	Elodie Trauchessec	ADEME
FR	Christian Deconninck	ATEE
IT	Alberto Pela	GSE
NL	Bas Heerma van Voss	Ministry of Economic Affairs
UK	Phil Hulme (Ms)	Ofgem
UK	Will Broad	DECC
UK	Clare Valente	DECC
UK	Joseph Cosier	EST
UK	Emilie Carmichael	EST
UK	Tina Fawcett	Oxford University

Summary of discussions

Quality and standards

What is everyone doing, is it effective, are your approaches good enough? Should you be doing more?

UK – currently rely on other national standards. Building regulations, qualifications and follow methodologies in other national standards. Not confident that people are doing this. Have national guidelines / process – installers need to be certified against national standard (PAS2030) but not confident that certification bodies are checking that work is being carried out according to the standard. Instead, Ofgem requires suppliers to undertake technical monitoring – obligated parties need to get technical experts to monitor 5% of all installations – independent, on-site assessment. 10% failure rate consistently since start of scheme – too high. Previously just looked at failure rates by obligated suppliers but now look at failure rates per installation company (only aggregated failure rates published at present), if failure rate is too high can suspend the measures. Seems to be a more successful approach so far.

In the UK there is often a long supply chain between the energy company commissioning the work and the actual installation company (energy company → managing agent →

installation company → sub contracted installation company). This can lead to problems of communication, and questions as to how to improve quality along the whole of the chain.

The UK is currently undertaking a comprehensive review of quality and standards (under the Bonfield review) which should help with progress in this area.

Recommendations: change standards, make them more specific, change oversight, make easier for certification bodies to take action if installation companies make a mistake and / or have patterns of bad behaviour. Balance between achieving excellence and keeping cost down for obligated parties.

Why – want to make sure CO2 savings are accurate (discount factor), because it is all targeted at residential sector – individual media stories about poorly installed SWI falling off walls damaging for reputation of the scheme. Have a responsibility for people receiving the measures.

Many consumers are receiving for free so not necessarily as diligent in checking quality themselves. 25 year guarantee – insurance measure - wall insulation only. Also require 1 year for boiler installations but currently considering whether to introduce for other measures.

France – 60% of white certificates are issued for residential work. Used to have quality standards in the deemed savings calculation. When reviewed scheme for current period the idea was to simplify. So have now removed the quality standard for the product installed. ADEME was not happy about this decision. Still have standards that are higher than the minimum standard, but no requirement on the products being installed. Installation – introduced a quality label (voluntary at first now mandatory). Have to have measures installed by a quality installer – in theory, but in practice the qualification is on the company level, so individual installer may not be qualified. One qualification for global refurbishment – eight further categories to cover most EE measures. Started 2012. Now have 60,000 companies qualified – through training, checking (audit) and verification. For all public policies targeting households - which includes tax rebate and zero interest loan policies as well as EEO. Who vets? Dedicated training agencies. If they do a bad job what happens – supposedly should lose their qualification, in practice this hasn't started yet.

French overseas territories – EDF really into EE – risk of blackouts - developed a quality check for these islands. EDF are putting a lot of money in because it's worth it. Checks on most installations – feedback with installers – no penalties / sanctions as not enough installers.

But have provided feedback to installers and in a few years have gone from a high failure rate to a low one so it is working.

Recommendations: A collaborative approach to improving standards and training can be successful. A key condition for success is to ensure that the employee actually doing the installation gets the information and feedback needed to deliver high quality work.

NL thinking of publishing failure rates on the level of the obliged parties. UK is yet to do this, but it is being considered (only monitoring rates are currently published by supplier).

NL – key question for us is whether to target the obligation scheme on DSOs or on retailers? Retailers hate the idea but also see energy services as part of future business model so hate idea of DSOs being obliged even more.

FR - recent EDF report for first time acknowledging that they are making money from WC, although also recognise there is a high cost.

UK – theory that moving from deemed to measured savings will drive up quality as you want to claim maximum savings. California is trying this approach. Passed legislation that says targets must be met from actual savings no longer deemed. Ignores additionality issues – instead, a target is set and actors can achieve it however they want. Approach is that as long as goals are achieved, the methods are less relevant – this is opposite to European approach. Worth considering (and monitoring Californian success).

UK has heard that Energiesprong standards are very rigorous – so strict only 4% of installers qualify.

Methodologies for accounting for savings

FR – starting to think that deemed savings they use are hard for people to understand, make sense of. Harder and harder to work on deemed savings methodology. Averages don't make sense for a lot of measures, especially when you compare one technology to another.

UK expects to soon move to simpler deemed savings that we set ourselves – currently use RdSAP – but this is too complicated as based on over 100 inputs – now moving to different system with only six inputs. EED has no impact on deemed savings approach: all options available to UK meet EED requirements. Report lower savings to EU than are delivered under the scheme because need to adjust lifetimes due to EED requirements. FR also have two deemed savings – one for EU, one for FR. Would need more people in FR – only three people in Ministry working on savings calculations reporting for whole of FR and EU. UK / FR have

longer lifetime than EU allows – simply divide by 36 and multiply by 25 to meet EU requirement.

IT – expect 75% of the 6M white certificates issued to come from real, metered energy savings, other 25% deemed savings from specific technologies, set by GSE. Pre-verification data and ex-post monitoring. From industrial sector.

AT – allows either deemed or measured for some technologies. Wonder if metered really is more accurate – have so many external factors...fear the administrative burden is increased for not that much of an increase in accuracy.

FR – deemed savings means you are choosing averages – sometimes it will be higher, sometimes it will be lower. But if you let people choose metered savings when it is higher than your average doesn't mean anything anymore.

UK is consulting on deemed savings approach – looking at around 4-6 inputs.

- Type of property (eg detached house, mid-terrace house, flat)
- How many bedrooms – proxy for size, much simpler than m²
- Fuel type
- Measure installed – some measures have more than one option – e.g. CWI two options depending on material used.

FR insulation based on number of metres of insulation installed. Easy to verify as it's on the invoice.

Innovation

Ofgem: considering innovation in relation to deemed scores in scheme at moment – one complaint since ECO was launched in 2013 is that it stifles innovation – in developing new, simplified deemed scores want to find a way to recognise new products. A lot of push back on cost / administration involved with recognising new products. Any approach also needs to be able to say 'no' to poor products at an early stage, to not waste the companies' and administrator's time.

UK looking for identifiers early on to avoid time wasters and to avoid companies spending loads of time/effort into fruitless endeavours. Different types of innovation: completely new measure types, improvements to existing measures, better evidence on measures that have already been around for a while. Also, important to recognise that as well as technologies, innovation also encompasses delivery models and installation methods. DECC thinking about

using competitions, e.g. £1m prize for a solution. EST has a process for developing standards for new / innovative products – led by / in partnership with industry.

FR – process led by ATEE, working groups, peer led review of product / technology performance. Open process on voluntary basis. Dialogue – experts contributing actively to the process, the working groups screen the outlandish products and mean that only viable products/innovations are pushed forward. Have rules around minimum volume – more than one supplier. Working groups convene once every quarter/once every couple of months. FR – can create 15-20 new eligible measures per year through this process.

UK would really like to see innovation in solid wall insulation, particularly to bring costs down (some doubt as to whether there is much room for innovation in products). Lack of innovation in the insulation sector – same in France but uptake is going up – cost not going down in some cases cost is even increasing. Discussion about whether some sort of pan-European competition would help bring forward new products / processes, and/or pan-EU monitoring boards that share information and assess performance of technologies within member states. Probably this is best done via H2020 research funding, and existing ways of supporting R&D.

50-60 measures for residential sector in FR.

SWI only in France (as opposed to UK where majority of homes have cavity walls) – high prevalence of SWI insulation, 200,000 per year through the scheme. Don't have major issue with quality of installation (different from UK case, where there are concerns about quality). Tax credit and white certificate. Reduced VAT on EE refurbishments (5% VAT instead of 20%). Economic crisis saw crash in new build sector / build rate. Only refurbishment sector has maintained and continued to grow. Energy efficiency has saved France.

FR: a lot of innovation isn't necessarily required in order to meet targets. We broadly have the necessary technologies to meet our targets but we just need to do the activity. Innovation should not be the target for EEOs, EEOs are more about mass market adoption, widespread measure implementation.

In UK: not a mass market programme anymore. It's a social policy now instead so innovation is an issue to consider, especially in terms of SWI.

Scheme design

NL – curious to hear about experience with regards to setting obligation within certain period – do obliged parties realise obligations in early part, middle, end....? FR example of

early achievement of obligation – market crashing because targets have been achieved a year early – all big obligated parties are stopping all projects. Will be a problem in a year's time when they have new obligation with much higher targets there will then be a huge peak. FR starting to think that three year period is not right. Would like to find ways to be able to adjust to even out peaks and troughs. Think a lot about how you are going to regulate the market, set the target and build a lot of flexibility into the scheme.

Also reporting – in the past UK only required reporting quarterly, outside of legislation. Now statutory requirement for suppliers must report within subsequent calendar month. This makes it easier to monitor progress towards the target and potentially intervene if progress is too slow etc. Plus the data is more robust.

FR problem that savings are required to be reported one year after projects are complete – if projects take six months that is 18 months before they are reported and half way into three year scheme.

UK felt that under a WC scheme it takes too long to report savings (18 month lag after measures installed). UK still has big trading element – brokerage – but trading takes place before measures are installed rather than afterwards.

Able to pay sector

In the UK there is a focus away from the 'able to pay' sector, as the re-design of the EEO will focus primarily on the fuel poor (10% of UK population). Currently difficult to secure subsidy, and regulation is politically difficult. There is a big incentive to invent a scheme that builds a market to deliver energy efficiency without subsidy or regulation.

One approach is to try and use the 'multiple benefits' framework and identify key benefits and beneficiaries of energy efficiency. Two of the key benefits which UK is currently looking at, in order to monetize, are the benefits to energy grid / energy systems and the benefits to the health system.

How do we get more money from people who benefit from energy efficiency? The IEA study was useful, but not enough country-specific detail. German study recommended – Will to share details.

Investigating option of DSOs funding - to recognize the benefits that energy efficiency provides in avoided network expansion and reinforcement costs. There have been three pilots in the UK where DSOs are experimenting on EE rather than investing in network upgrades. Need a new pilot to really explore this idea. One idea is to require DSOs to publish

maps integrated for entire country showing network constraints – where they will have to invest in network upgrades in the future – and overlaying with data showing where there are electrically heated homes, in order to draw energy efficiency efforts to these areas (where they result in maximum benefits).

Need better monitoring (actual rather than deemed savings in order to provide confidence to DSOs), and way of pushing risk down the chain (ESCOs taking on risk rather than DSOs).

Electricity Demand Reduction Obligation. UK looked into this but then decided it was not suitable, as suppliers would have to expend efforts (and therefore pass costs to consumers) in order to compensate for potential spikes in demand that are outside of their control. This is not currently happening in any of the countries at the meeting. There is something similar in the NE of the USA, although within the capacity market, and with a very different retail market structure from the EU. So there may be examples to learn from, in part.

NL – renewables example - NL are looking at the costs that renewables place on the grid that may not be incorporated into the pricing but nothing related to EEOs in particular.

FR: you could open up the eligible parties under an obligation so that others can apply and sell the credits.

In US – they have lots of different markets so that a load of different parties can bid in for EE. The capacity markets in Vermont and New Hampshire are open to demand side response and EE. Apparently around 5% of it goes to EE. This 5% has brought down the cost of generation so that all electricity consumers benefit, not just those that receive improvements.

DECC interested in this area and are looking for more ideas, evidence, etc.

WORKSHOP ON THE ROLE OF LOCAL AUTHORITIES IN THE FUTURE EEO SCHEME

Location, date and time

Thursday 21st July 2016, 14.00-16:30, Energy Saving Trust, 21 Dartmouth Street, London, SW1H 9BP

Participants

Name	Organisation
Angela Murphy	London Borough of Camden
Ian Weller	Sefton Council
Paul McGrath	Birmingham City Council
Martin Tolley	Birmingham City Council
Pat McWilliam	Birmingham City Council
Stuart Burrell	Southend Borough Council
Elizabeth Ainslie	Epping Forest District Council
Paul Elliott	Plymouth City Council
Carolina Valsecchi	DECC
Mark Jenner	Ofgem E-Serve
Emilie Carmichael	EST, representing ENSPOL (Chair)
Joseph Cosier	EST, Policy Advisor, representing ENSPOL
Jo Leffler	EST, Energy Saving Advice Service Referrals Manager
Graham Ayling	EST, Head of EST Foundation
Karen Strandoo	EST, Local Delivery

Summary of discussions

The Government launched its consultation on the third phase of the Energy Company Obligation (ECO) in July 2016. Whilst the obligation will remain on energy suppliers it is clear that the proposed refocussing on the fuel poor will require a greater emphasis on local delivery and partnership working with local authorities.

This workshop, which was organized under the ENSPOL project, brought together local authority representatives to share knowledge and experience on the lessons learned, opportunities and barriers from working with energy suppliers, based on past and current experience. This document provides a summary of the discussions and recommendations arising from the workshop.

1. ECO and social housing (question 9 and broader points of discussion)

Local Authorities participating in the workshop expressed concern regarding the choice of funding mechanism (supplier obligation) to deliver support where it is most needed. Whilst it was accepted that that a levy is not an option / supported by Government at the present time most of the workshop participants favoured this approach.

There was broad agreement that eligibility should be extended to social tenure households with EPC rating of E, F or G.

It was suggested by DECC that EPC data will be made available to local authorities so that eligibility (E, F or G rated homes) could be checked by authorities, enabling greater certainty for customers. There was broad support for this approach within the group.

Experiences, challenges and solutions of the supplier obligation model – in social housing

General discussion point: Many of the participants felt that the approach outlined for flexible eligibility could be applied to the main scheme as well, helping local authorities to partner with suppliers to deliver to households within the standard scheme eligibility as well.

Workshop participants' experience of working with energy suppliers to deliver ECO in social housing under the current supplier obligation model reveal a number of challenges that should be addressed under the proposed scheme extension:

Challenge: Local authorities cannot promote individual supplier offers to their tenants/residents without going through a tender process to identify a preferred supplier. A feature of the of the Warm Front scheme was the central information point that householders could be directed to by the local authority, enabling residents to get information about their eligibility for schemes and the options available to them. Without this one-stop-shop it is up to individual local authorities to provide information on all the potential offerings in their areas.

Recommendation: The workshop participants recommended that a central point of information is established for ECO.

Challenge: Local Authorities have to negotiate with energy suppliers on their tenants and community's behalf over the provision of ECO but are usually in a weak negotiating position as the suppliers hold the budget and often require a financial contribution from the local authorities.

Recommendation: Government should intervene on local authorities' behalf to set rules or at least a code of conduct for how suppliers should work with local authorities. A best practice approach could be developed with input from local authorities and energy supplier representatives to ensure buy in from both parties.

Challenge: Local authorities currently take on a disproportionate level of risk. They are required to commit significant resources and undertake a lot of up front work, including engagement with potential recipient households of ECO measures to generate leads without any firm guarantees or commitment of ECO funding from energy suppliers:

- They have no firm commitment that they will receive ECO funding – a number of participants cited examples where funding had fallen through.
- They have no guarantees on the levels of funding available – a number of participants cited examples of where the terms of engagement had changed throughout the negotiations with suppliers – in particular where they had been asked to “top up” funding / provide additional local authority funding despite initial guarantees from suppliers that there would be no cost to them. A number of the local authority representatives stated that energy suppliers come to them promising to install energy efficiency measures for free but then come back after the local authority has done the due diligence and developed a programme saying they need a contribution of £x per household..
- A number of local authorities stated that, in the past, they have unnecessarily raised expectations amongst social housing tenants only to disappoint when the anticipated support / measures fall through. For data protection reasons local authorities cannot pass the contact details of their tenants to energy suppliers (without their consent). In order to build pipelines, local authorities must identify and engage eligible households. Current ways of working with energy suppliers mean that local authorities must engage with eligible households before any firm commitment / guarantees of ECO funding from energy suppliers is secured.
- There was a sense that local authorities have been forced to compete / played off against each other in the past to secure the best ECO deals and this has made them wary of engaging with energy suppliers in the future.

These negative experiences make it difficult for local authorities to commit any future investments in ECO and weaken the business case for future engagement with energy supplier schemes. Local authorities need more certainty and stability before committing their limited resources.

Local authorities have capex budgets to invest in improvements to social housing. Their funds are targeted primarily at essential works - non-energy efficiency measures, such as

roof repairs, replacing bathrooms and kitchens – this is what their tenants are demanding. There is a mismatch between the measures social housing tenants want and the measures offered under ECO.

There was general consensus that local authority planned programmes of work in social housing offer opportunities for meeting ECO targets (they are effectively “trigger points”) and that efficiencies could be made by aligning ECO with them, but the current way of working does not enable this to happen. Local authorities often have framework contracts in place and have undergone major and rigorous procurement exercises to select contractors. Their contractors may or may not have access to ECO.

Energy suppliers will often have their own arrangements in place with contractors to deliver their obligations however local authorities usually cannot use these contractors unless they are on their procured frameworks.

One solution proposed was for energy suppliers to set fixed funding thresholds for the different measures eligible under their schemes. Local authorities would then identify / confirm eligible households (and measures) under their existing programmes of (non-energy efficiency) of work, build the ECO measures into their planned works and install them using their existing framework contractors. Local authorities could then claim the costs of the ECO works back from the existing energy supplier of the households who have benefitted. It makes sense to build on the reputation, skills and procurement exercises already undertaken by local authorities.

Case study: LB Camden has its’ own fuel poverty scheme in place, which it has already procured through their own established processes. Local authorities could do this on a larger scale, aligning with existing programmes of improvement works to their social housing stock, but need certainty that the funding for any measures they install is secure.

Recommendation: Workshop participants recommended that a process / terms of engagement between energy suppliers and local authorities for ECO is made clear potentially through best practice guidelines. (as is being done for the proposed flexible eligibility aspect of the scheme extension). Birmingham and Sefton Councils confirmed they would submit process maps based on their own experience as part of their official responses to the consultation.

Recommendation: Participants agreed that it would be useful if a mechanism for sharing best practice between local authorities could be established to provide support for local authorities engaging within the future ECO scheme.

2. Flexible eligibility (questions 12-15)

As noted above, the local authorities present felt that they were in a weak negotiating position with ECO suppliers, with some stating that they were being used merely as a marketing tool by energy suppliers. They expressed concern about whether the proposed introduction of flexible eligibility would put them in a strong enough position to negotiate schemes that were beneficial for households in their locality and, in particular, deliver the outcomes for those residents that were most vulnerable.

DECC presented a draft process for how the flexible eligibility element of the scheme (for private households) could work - see attached **LA declaration model**.

There was broad agreement that a joint MoU between the local authorities and supplier was necessary to ensure that the terms of engagement between local authorities and energy suppliers were mutually agreeable.

Challenges: Participants acknowledged that the proposed process presented a number of challenges. There was broad agreement that the “devil was in the detail” in relation to the draft process presented by DECC. Box 2 (and specifically points 2.2 and 2.4) was seen as the most important in the draft document, with some participants suggesting they may require cabinet approval for this aspect of the process.

- To sign such an agreement local authorities would potentially need to go through a lengthy procurement process to choose a preferred supplier.
- Participants had concerns about consumer protection and lack of trust. There is strong evidence (see Plymouth case study below for example) that householders are more trusting of local authorities or impartial local intermediaries. The high levels of subcontracting by energy suppliers has led to some poor practices and have eroded trust – some gave examples of unsuccessful door-knocking campaigns in their localities.
- The point made in the previous section was also relevant in the case of flexible eligibility: In the past, local authorities have unnecessarily raised the expectations of householders only to disappoint when the anticipated support / measures do not materialise. For data protection reasons local authorities cannot pass the contact details of householders to energy suppliers without their consent. Current ways of working with energy suppliers mean that local authorities must engage with eligible households before any firm commitment / guarantees of ECO funding from energy suppliers.
- Participants were concerned that, for the flexible eligibility option to work, it would be necessary to separate social housing from private rented sector targeting and

improvements. However most agreed that, in order to deliver ECO in the most cost effective and efficient way, it made sense to deliver **blended schemes** (street by street) involving owner occupied and social housing tenants.

- Participants were also apprehensive that the proposed approach for flexible eligibility would encourage a “race to the bottom”. Measures are needed to avoid local authorities being pitched against each other and suppliers choosing to work with those local authorities that had the easiest measures to install. This would potentially preclude the ECO being targeted at those households that need it most.

Solution: One solution proposed was for local authorities to act in a signposting capacity. Local authorities can “signpost” households they assess to be eligible for support rather than specifically referring. One disadvantage of this is that it relies on the householder making contact with the suppliers themselves and also results in one-by-one rather than bulk referrals, which are preferred by energy suppliers. See Plymouth case study below – Plymouth confirmed that it would submit a process map describing their current experience / approach as part of their official response to the consultation.

Recommendation: Government should support local authorities to have an enhanced role in customer information, engagement and marketing. These organisations can also deliver cost-effectively, basic energy advice alongside promoting schemes. As noted elsewhere, Government could intervene to set clearer guidelines for local authority -energy supplier negotiations to enable this.

Recommendation: The workshop participants recommended that a central point of information be established for ECO for this approach to work effectively - this central contact point or “clearing house” could confirm eligibility and refer households to the most appropriate energy supplier scheme. Several attendees referred to their experience of Warm Front, with its single contact point for referrals, as an example. A strength of the Warm Front scheme was the central information point that householders could be directed to, enabling them to get information about their eligibility for schemes and the options available to them. Without this one-stop-shop it is left up to individual local authorities to provide information on all of the options available to households to households (as they cannot be seen to favour specific schemes).

Recommendation: Participants agreed that it would be useful if a mechanism for sharing best practice between local authorities could be established to provide support for local authorities engaging within the future ECO scheme.

3. Involving intermediaries – Third Sector pros and cons (Q15)

It was acknowledged that involving local community groups could be very effective - as local organisations often have strong networks and are able to undertake cost effective outreach activities. It was seen as important to have robust oversight and selection processes in place to protect consumers and avoid mis-selling. Involving local groups can be particularly effective in areas where local authorities are not undertaking customer engagement activities already.

Case study: The Plymouth Energy Community scheme identifies households that meet eligibility criteria for ECO support and signposts them to suppliers. No procurement was necessary as the scheme targets private households and the local authority does not play any role in the actual installation of measures. A community energy organisation delivers the outreach and marketing, in collaboration with Plymouth Council. The suppliers inform the local authority of the work they have carried out and pay a referral fee. It was noted that this does require up-front resources from the local authority as referral fees only begin to be paid after 5-6 months. In this particular case the energy supplier agreed to provide some up-front funding to cover some of the costs of generating leads. The project also tested community-led lead generation alongside supplier-led and found that the community-led approach led to significantly higher uptake – with conversion rates five times higher than the energy suppliers own activity.

4. Areas that we did not manage to discuss or only touched upon briefly within the time available

Removing CSCO and as a consequence removing rural sub-obligation – rural vs urban (Q 3-4)

The Carbon Saving Community Obligation (CSCO) delivers insulation and district heating measures to households in low income and rural areas but, as it covers large areas that include both fuel poor and able-to-pay homes, targeting is often poor. Under CSCO there is currently a rural sub obligation: 15% of the obligation must be rural homes. But it is argued that as CERO already results in this proportion of rural measures (14%) then the same level of rural delivery will continue.

Complete removal of the rural sub-obligation means that if it was not particularly cost effective then there could be a complete disappearance of rural delivery. Fuel poverty is high in rural areas and non-gas grid homes so these homes need support.

Eligibility – wider range of benefits – reducing for elderly, but increasing for other groups – trade-off between pensioners and social housing tenants (Q5-8)

There is a proposal to introduce higher income thresholds for universal and tax credit recipients to allow for larger households needing higher income to achieve the same quality of life. Alongside this, there is a proposal to remove the income threshold as an eligibility requirement for other benefits (JSA, ESA, etc.); to be eligible, a householder only need prove receipt of benefit. Eligibility for recipients of pension credit will be restricted, only guaranteeing credit recipients would be eligible, savings credit recipients would not be.

Boilers – limiting gas boiler replacements pros and cons (Q16-18)

There is a proposal to limit ‘qualifying’ boiler replacements (replacing broken or inefficient boiler) to around 25,000 a year (down from approx. 120,000/year now). They do not result in savings as high as insulation or a first central heating system and are not necessarily additional as households may replace their boiler on their own anyway. Assumed savings are compared to portable electric heaters as a baseline, which could over-compensate this category of boilers.

- From a carbon savings point of view is a logical step especially in light of the longer term challenge to incentivise a switch away from gas as a heating source. However as ECO is intended as a fuel poverty scheme reducing the number of gas boiler installations could raise issues around equity. There are arguably many fuel poor homes that will benefit from a replacement boiler

Q39 – higher delivery cost areas

As the scheme is set up to deliver in the most cost effective way, there is a risk that areas with higher delivery costs could miss out. A sub-obligation or uplift was suggested as had been used for off-gas areas.