



Danish Government's position on a revised EU Energy Efficiency Directive

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Key Danish priorities for the revision of the Energy Efficiency Directive:

- Overall support for the Commission's approach regarding energy efficiency that must contribute cost-efficiently to achieve the EU emissions reduction target of at least 55 percent by 2030 and the objective of achieving climate neutrality by 2050.
- Encourages the Commission to raise the present energy efficiency target at EU level to 40 percent of EU's final energy consumption by 2030 (article 3), while maintaining the current level and scope of the Energy Efficiency Obligation (article 7).
- Encourages the Commission to maintain the possibility to use the alternative reporting method related to the public bodies' energy efficiency obligation and to focus on developing a framework that provides a more consistent and equal savings obligation across member states (article 5).
- Encourages the Commission to modernize the policy framework for energy efficiency, taking into account the national circumstances of the various member states in order to incentivize least-cost paths for emission reductions.
- Encourages the Commission to strengthen existing and introduce new measures at EU-level to strengthen energy efficiency policies, e.g. sector specific regulation for data centres, expanding the scope for regulation of energy consuming products (Ecodesign) as well as extending the EU Emissions Trading System (ETS) to heating in buildings. Regarding the building sector, focus should be on increased use of data and digitalization, as well as smarter utilization of building spaces and elimination of fossil fuels for heating and cooling of individual units.
- Encourages the Commission to ensure comprehensive alignment with the "Fit for 55 package", especially regarding the ETS and sectoral legislation in the Energy Performance of Buildings Directive and sustainable product policies (Ecodesign and labeling). The Commission is also encouraged to come forward with guidance on the principle of »energy efficiency first« to encompass costs and the wider benefits of energy efficiency measures.

General comments

Despite the recent revision of the Energy Efficiency Directive (EED), the Danish Government finds it timely to consider revising the directive again as part of the European Commission's "Fit for 55 package" in order to achieve at least 55 percent emission reductions by 2030 and a climate-neutral Europe by 2050 at the latest. The Commission should ensure full alignment between the revised EED and other relevant legislation highlighted in the Commission's 2021 Work Programme.



Putting energy efficiency first must be a key objective in the package, as energy savings can both save money for consumers and reduce greenhouse gas emissions in the EU as a whole. In addition, energy efficiency reduces investment needs in energy generation and infrastructure, and brings multiple benefits for EU's citizens such as cleaner air, reduced pollution and better indoor climate. Energy efficiency also provides huge employment opportunities in green sectors and industries, which is a high priority for a green recovery and the Next-Generation EU package. The revised EED should take these wider benefits into account, as well as the broader objectives of the European Green Deal to transform the EU to an even more sustainable and prosperous society.

The 2030 Impact Assessment for Climate Target Plan and the Renovation Wave initiative rightly points out there is a particular challenge related to the poor energy performance of the EU building stock. The revised EED and the upcoming revision of the Energy Performance of Buildings Directive (EPBD) should support enhanced and expanded measures to deliver higher savings in a cost-effective manner, while taking into account the different starting points, specific national circumstances and emission reduction potential, as well as efforts already attained by member states.

In accordance with the above, the Danish government fully supports the Commission's overall approach regarding energy efficiency with the following detailed remarks for the revision of the EED.

Article 3: EU energy efficiency target

The Danish government encourages the Commission to raise the present energy efficiency target at EU level to 40 percent of EU's final energy consumption by 2030 in order to encourage higher policy ambition throughout EU and the member states. The conditions for the EU's energy efficiency target must remain unaltered.

The Danish government also encourages the Commission to strengthen existing and introduce new measures at EU-level in order to reach a more ambitious EE-target, including the following.

A strengthened EU Emissions Trading System - include the building sector

It is clear that CO₂ reductions also need to come from the building sector where there is still a large untapped potential across sectors and member states. The Commission is therefore encouraged to strengthen and extend the use of the EU Emission Trading System (ETS) to include emissions from buildings. Extending the scope of the ETS will support a cost-efficient approach by setting a price on carbon emissions that will incentivize investments in renovation of both public and private buildings in combination with strong sectoral legislation. The Commission should ensure full alignment between the revision of the EED, the EPBD and the ETS.



Common EU regulation of data centers

Data centers will in the near future be a source for growing electricity consumption, which poses a challenge for the objective of an overall reduction of the European energy consumption by 2030. The Danish government supports the commitment laid out in the EU Digital Strategy to make data centers climate-neutral by 2030 and encourages the Commission through sector policies in the EED, EPBD or other legislation to take actions to put comprehensive regulation in place as soon as possible. Guided by the principle of energy efficiency first, this should address efficient use of electricity, incentives promoting the utilization of waste heat, etc. which can support a cost-efficient path towards climate neutrality in 2050.

Phasing out fossil fuels in individual heating and cooling

It is necessary to consider all available options to phase out the fossil fuels for individual heating and cooling of buildings through for example strong restrictions or a ban on the use of fossil fuels. The Commission is encouraged to work with the member states to find solutions and available options, which at a national level shall leave the members states the opportunity to phase out fossil fuels in individual heating in compliance with EU regulation

A strengthened and widened scope of product regulation

EU's comprehensive regulation of energy-related products has delivered substantial savings towards the energy efficiency targets. The Commission is encouraged to strengthen product regulation, specifically the Ecodesign and Energy Labelling as cost-efficient measures to achieve additional energy savings. The Commission should ensure full alignment with the Sustainable Product Initiative (part of the Circular Economy Strategy), including the revision of the Ecodesign Directive. The Commission must ensure to allocate sufficient resources to manage the tasks laid out in the ongoing Work Plan for the Ecodesign Directive and to avoid further delays and make sure it delivers on its current objectives, in parallel with the work on the Sustainable Product Initiative.

Article 5: Exemplary role of public bodies' buildings

Regarding the current provisions on energy efficiency in public bodies, the Danish government proposes that the current scope of the application regarding governmental buildings is supplemented by a voluntary energy savings target for governmental buildings at the national level not currently under the scope of the article, with due regard to the competences of the member states.

Regarding the administration of the article, there are substantial differences in the level of energy saving targets notified by various member states, in part due to absence of a clear definition of "central government". The Commission is encouraged to look into the definition and clarify the scope of the application.



Further, the Danish Government finds that a potential proposal on increasing the rate of renovation would not be appropriate under the current provisions, as the current energy saving scheme has diverse effects on the different member states. Instead, focus should be on developing a framework that provides a more consistent and equal saving obligations across member states.

It is important to maintain the discretion for member states to choose the alternative reporting method, as it gives way for a broader selection of policy instruments for the realization of energy savings, e.g. behavioral changes, intensified use of buildings, data and digitization etc. It is therefore more flexible and cost-efficient than the standard approach. The Commission is encouraged to consider defining and clarifying the conditions for the application of both approaches, including the calculation method.

Article 6: Purchasing by public bodies

The Danish government supports the Commission's intentions to continue an ambitious approach at EU-level to public procurement and to review Article 6 in this regard. The Commission is encouraged to consider revising the scope, as the current provisions for *green* and *energy efficient* purchases by public bodies only applies to large budget purchases. However, it is important that a revised threshold for budget purchases applicable to the provisions of the article are consistent with cost-effectiveness, economical feasibility, wider sustainability, technical suitability, as well as sufficient competition.

Article 7: Energy efficiency obligation schemes

The Danish Government is committed to fulfil the current energy efficiency for the period 2021-2030 and finds that the current level of obligation should be maintained. Member states should be committed to adhere to European-level measures and focusing on economic or other measures, which could lead to more frequent, actual implementation of cost-efficient energy savings. A clarification of the current provisions and methods for the calculation and determining of energy savings could be considered during a future revision.

Article 8: Energy audits and energy management systems

The Commission is encouraged to alter the criteria for energy audits from turnover, balance sheet total or number of employees to primarily the energy consumption. Moreover, the main rule should be that the audit focusses on the parent company rather than subsidiaries. The current frequency of audits every fourth year is adequate.

Article 14: Promotion of efficiency in heating and cooling

It is the preliminary assessment of the Danish government that the current comprehensive assessment (CA) does not properly take into account local differences and a more country-specific approach would be useful. The Commission is encouraged to propose an exemption from the requirement to prepare a CA if member states



already have national schemes, which promotes efficiency in the heating and cooling sector more extensively than the requirement in the article.

Furthermore, the Commission is encouraged to broaden the interpretation of the definitions of effective district heating and district cooling, as it does not currently not reflect energy efficiency in a comprehensive way.