

Position Paper on the EED Recast [COM (2021) 558 final]

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- 40% of energy is used in buildings. Yet 97% of the existing EU building stock is not sufficiently energy efficient. This is endangering our transition to a climate safe future.
- Energy efficiency is also critical for energy security – as highlighted in REPower EU and the objective to reduce Russian gas import by 48 bcm by 2030.
- The Energy Efficiency Directive (EED) contains important proposals supporting the scaling-up of the energy efficient renovation of homes. Within this framework the energy savings obligations under Article 8 should play a key role in boosting the thermal renovations of homes.

Our Concern

- Regrettably, the inability to accurately measure the real energy efficiency savings delivered in homes undermines confidence in their ability to support the delivery of these energy savings obligations. No one, either in government or in the market can be sure that Article 8 is delivering real savings. As a result, what should be a powerful mechanism to drive the energy transition, is significantly hampered and Member States are wary of ambition.
- Fortunately, European digital innovation now enables us to meter the real energy performance of buildings. For the first time we can calculate day-after-day the kilowatt hours (kWh) saved by a renovation. Moreover, we can benchmark the fabric improvement attributed to the works. In short, trust can be restored to the marketplace and governments can be sure that the energy saving obligations are delivering proven and metered savings.
- However, the EED revision provides no obvious pathway for such technologies to support energy savings to move from being fictive to being proven. This means that breakthrough European technology is being sidelined and will not be able to provide support to delivering the energy transition.

Call to Action

- **Amend Article 8** to encourage Member States to develop pay for performance approaches and to ringfence a proportion of the savings obligation for proven and metered energy savings in housing.
- This minor amendment will create a pathway for the EU to stimulate innovative policy instruments based on a Pay4Performance (P4P) approach that could transform energy efficiency renovation providing a major boost to the renovation wave, in line with RePowerEU's call for a stronger focus on pay for performance approaches.

Knauf Energy Solutions is a GreenTech company building the world's Virtual Energy Infrastructure (VEI). VEI replaces power generation with metered savings from energy efficiency renovations. It deploys smart connected technology to enable buildings to actively support the transition to a net zero carbon energy system. For more information visit www.knaufenergy.com email Marie.Cletienne@knaufenergy.com or call +32 (0)472 92 43 18

Pilot P4P schemes and promote EE metering technologies in designing EE obligation scheme

<p><i>Article 8</i></p> <p>Energy savings obligation</p> <p>(3) Member States shall implement energy efficiency obligation schemes, alternative policy measures, or a combination of both, or programmes or measures financed under an Energy Efficiency National Fund, as a priority among people affected by energy poverty, vulnerable customers and, where applicable, people living in social housing. Member States shall ensure that policy measures implemented pursuant to this Article have no adverse effect on those persons. Where applicable, Member States shall make the best possible use of funding, including public funding, funding facilities established at Union level, and revenues from allowances pursuant to Article 22(3)(b) with the aim of removing adverse effects and ensuring a just and inclusive energy transition.</p> <p>In designing such policy measures, Member States shall consider and promote the role of renewable energy communities and citizen energy communities in the contribution to the implementation towards these policy measures.</p>	<p><i>Article 8 (new)</i></p> <p>Energy savings obligation</p> <p>(3) Member States shall implement energy efficiency obligation schemes, alternative policy measures, or a combination of both, or programmes or measures financed under an Energy Efficiency National Fund, as a priority among people affected by energy poverty, vulnerable customers and, where applicable, people living in social housing. Member States shall ensure that policy measures implemented pursuant to this Article have no adverse effect on those persons. Where applicable, Member States shall make the best possible use of funding, including public funding, funding facilities established at Union level, and revenues from allowances pursuant to Article 22(3)(b) with the aim of removing adverse effects and ensuring a just and inclusive energy transition.</p> <p>In designing such policy measures, Member States shall consider and promote the role of renewable energy communities and citizen energy communities in the contribution to the implementation towards these policy measures.</p> <p><i>Member States shall consider developing pay-for-performance schemes, promoting digital energy efficiency metering technologies, in so far that such systems are certified at national or European level. Member States should consider ringfencing a portion of their energy efficiency obligation for pay-for-performance approaches.</i></p>
<p>Justification</p> <ul style="list-style-type: none"> • The European Renovation Wave Communication [SWD (2020) 550 final] explicitly committed (Page 16, paragraph 4) to “...establish a trusted scheme for certifying energy efficiency meters in buildings that can measure actual energy performance improvements.” • It also recognised (Page 12, paragraph 1) that “... Member States can reduce risk perception and scale up market incentives, such as energy-saving tariffs, pay-per-performance public support schemes and energy-saving tenders to attract private intermediaries and aggregators.” 	

- The emergence of cost effective and scalable energy efficiency metering technologies can provide highly accurate information on the actual energy efficiency savings delivered by a retrofit.
- Highly accurate digital energy efficiency meters are the foundation for creating a Pay4Performance (P4P) approach and moving away from compensating tick box measures. P4P approaches can transform the market and deliver the scale and quality of renovation that is needed to tackle energy poverty and meet Europe's climate ambitions.
- Member States should be encouraged to develop innovative policy approaches that increase the credibility of the energy savings obligations and drive renovation. This amendment will create a strong incentive to do so.