



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 21 May 2010

9767/10

**ENER 150
ENV 286**

NOTE

from: General Secretariat of the Council
to: Council

Subject: Contribution to the preparation of the European Council of 17 June 2010:
Dialogue of the Commission with Member States on the national targets for
energy efficiency

- Information from the Commission
- Exchange of views

Context

1. In March 2010, the European Council agreed ¹ that, in response to the Commission's communication "Europe 2020: a strategy for smart, sustainable and inclusive growth" a Europe 2020 strategy will be formally adopted in June by the European Council. The March European Council already agreed on the "headline targets" of this new strategy, which "*constitute shared objectives guiding the action of the Member States and of the Union*". For energy policy, the headline target reads: "*...reducing greenhouse gas emissions by 20% compared to 1990 levels; increasing the share of renewables in final energy consumption to 20%; and moving towards a 20% increase in energy efficiency;*"

¹ see doc. EUCO 7/10

2. Furthermore, the March 2010 European Council conclusions specify (point 5):
"(...) While some of these targets are reflected in EU legislation, the others are not of a regulatory nature and do not imply burden-sharing; they represent a common aim to be pursued through a mixture of national and EU-level action.

(c) In the light of the headline targets, Member States will set their national targets, taking account of their relative starting positions and national circumstances. They will do so according to their national decision-making procedures, in a dialogue with the Commission in order to check consistency with the EU headline targets. The results of this dialogue will be examined by the Council by June 2010."

Existing EU legislation and national targets

3. Several EU legislative acts on energy efficiency are in force (*inter alia* on buildings, labelling, ecodesign). Directive 2006/32/EC on energy end-use efficiency and energy services ¹ sets the obligation for Member States to "*adopt and aim to achieve an overall national indicative energy savings target of 9% for the ninth year of application of this Directive (...)*" (Article 4(1)).

4. In addition to the national indicative energy savings targets which all Member States have set under Directive 2006/32/EC, most Member States have additional national targets for energy efficiency in place; several others are in the process of setting national targets or defining measures of equivalent effect.

The dialogue on the setting of national energy efficiency targets

5. In the framework of the dialogue between Member States and the Commission, to which the European Council conclusions refer and on which the Commission will report to the upcoming TTE (Energy) Council, the Commission has written to delegations that there is a need for it to monitor the consistency of national targets with the European headline target. However, the reactions to these letters and the ensuing bilaterals between the Commission and Member States soon made it clear that several technical issues require clarification. The Presidency has therefore devoted time in the Energy Working Party and in extra Ad Hoc meetings to discuss these issues. These debates were nourished by a presentation and three explanatory non-papers from the Commission.

¹ OJ L 114 of 27.4.2006, p. 64

Result of the technical discussion so far

6. On the basis of the discussions (and without prejudice to further discussions), as well as the replies provided by the Commission, the Presidency feels confident that the following elements reflect the discussions so far and could form the basis for the continuation of the dialogue:
- the aim of the ongoing stocktaking by the Commission of the national targets for energy savings is to obtain a clear overall picture of the *current* state of attainment of the 20% indicative target for energy savings by 2020 ("mapping exercise"), without prejudging the approach to be followed in possible future initiatives;
 - the national targets for energy savings to be set by Member States in the framework of the Europe 2020 strategy are of an indicative nature; Member States are free to choose their target(s) at national and/or sectoral level and the way it is measured, presented or estimated, and the methodology (this includes the choice of using primary energy savings or final energy savings as reference, the use of a given model, etc.);
 - although the terms "*energy efficiency*" and "*energy savings*" are generally used to mean the same thing, strictly speaking the target is an energy saving target (*cf.* March 2007 European Council conclusions ¹);
 - reservations were expressed on the use of the PRIMES model notably in the light of forecast discrepancies with national models, and it was indicated that it requires further study, in particular its underlying assumptions. Consequently, it can not be excluded that some further work and analysis on a model to be used for the projections for 2020 may be required in the energy economists group dealing with the PRIMES modelling;

¹ These conclusions read: "*The European Council stresses the need to increase energy efficiency in the EU so as to achieve the objective of saving 20% of the EU's energy consumption compared to projections for 2020, as estimated by the Commission in its Green Paper on Energy Efficiency...*" (Action Plan 2007-2009, point IV (6)).

This target means in practice: an indicative ceiling on energy consumption, amounting to 80% of the projected consumption for 2020 in a Business As Usual (BAU) scenario. This indicative ceiling can be quantified, for example in Million tonnes of oil equivalent (Mtoe). There is no amount of energy savings that has to be *proven*.

- the use of the baseline year of 2007 for its BAU projection for 2020 means in practice that all new policy measures which have not yet been *implemented* (both national laws as well as EU legislation such as the recently revised Directives on labelling, energy performance of buildings and ETS) are not yet counted in this BAU projection; thus, the energy-saving effect of all such measures implemented after 2007 will contribute to a reduction in energy consumption in 2020; likewise, the effect of the economic crisis is not accounted for, while it *should* be in the view of some delegations ¹;
- the Commission proposes to use "primary energy savings" in the calculations at EU level; several Member States prefer to use "final energy savings". It was noted that the use of "primary" or "final" may not be neutral in terms of actual efforts to be made, not least because of the interactions between the energy efficiency targets and other targets; furthermore, it was noted that energy use in aviation is included in both "primary" and "final" energy savings ²;
- national targets and data related to energy savings may be converted into a common energy unit using the provisions, methodology and conversion factors reflected in Annexes I and II of Directive 2006/32/EC, without excluding other conversion methods;
- how to treat "early movers" in the area of energy efficiency measures is not addressed at this non-legislative stage, because the overall EU target is *not* broken down into national targets;

Conclusion

7. With a view to the exchange of views foreseen at the TTE (Energy) Council on 31 May, Coreper is invited to take note of this report and forward it to Council.

¹ Note: the BAU scenario already assumes an annual additional energy savings of 1.8% due to structural changes, effects of existing policies, energy price changes, etc. (*cf.* 2006 Action Plan for Energy Efficiency, doc. 14349/06, p. 6 and its impact assessment, doc. 14349/06 ADD 2, p. 3).

² Note: in this context, CY and MT remarked that in their national energy consumption calculations they will cap the amount of energy consumed in aviation as described in Directive 2009/28/EC on energy from renewable sources (Art. 5(6)).