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SWEDENERGY's position on the proposal for the DIRECTIVES OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Directive 2012/27/EU on energy efficiency (EED)

Swedenergy is a non-profit industry and special interest organisation for companies involved in the supply, distribution, selling and storage of electricity, heat and cool. As the united voice of the Swedish energy sector, the organisation monitors and promotes the interests of its members and the energy sector in general.

Swedenergy has a total of 400 members. These include state-owned, municipal and private sector companies as well as associations of different types.

The Swedish Energy System

During the past 60 years Sweden has built up one of the world's most efficient energy systems. The heat market is, together with the electricity market, the largest energy market in Sweden, with a turnover that amounts to SEK 100 billion and 100 TWh. Our well-developed district heating system enables us to utilize energy resources that would otherwise be wasted (such as waste heat from industry and energy recycling of waste). Combined heat and power ensures the best possible use of resources.

Energy efficiency must be viewed in a holistic perspective and is governed and affected by extensive legislation on national and EU-level in parallel. Extensive EU-legislation has developed over recent years and is now being reviewed such as the directive on the energy performance of buildings, the directive on energy efficiency and also the renewable energy directive with links to energy performance of buildings.

Position on the revised Directive 2012/27/EU on energy efficiency (EED)

- The energy efficiency target should be formulated as an energy intensity target. The EU-target must consider population growth and not restrict economic growth. Energy efficiency should target the environmental impact of energy use and not limit the use of energy as such.
- An increase of the energy efficiency target must be combined with stronger measures to strengthen the EU ETS. According to the impact assessment, moving from a 27% to a 30% energy efficiency target would lower the CO2 price by 35% (SWD(2016) 405, 406). This could be resolved by introducing a revision clause in the governance regulation, by which e.g. the linear reduction factor is adjusted according to progress in energy efficiency and renewable energy.
- Ensure equal treatment of on-site and off-site renewable energy options:

- Technology neutrality in EED article 7¹ between on-site renewable and renewable heat/waste heat/recovered energy distributed by an energy carrier according to EPBD Annex is still lacking.
 - In Sweden, the paragraph in EED article 7 may lead to replacement of off-site renewable energy, e.g. from district heating, by another renewable on-site technology, e.g. heat pumps. A strong roll out of on-site heat pumps in the district heating network areas increases the need for investments in the local energy grids, which affect the end consumer costs. All renewable and recycled energy sources are needed to achieve the EU and the Paris agreement targets. A strong roll out of heat pumps will continue, driven mainly by the low cost of capital.
 - Therefore, we propose to keep the flexibility in EED article 7 and focus on cost efficient measures for energy efficiency. Subsidies such as 'white certificates' should not be enforced due to large administrative processes and the potential of double counting of energy savings.
- The property owner, not the end user, must be responsible for energy efficiency measures.
 - Individual metering and charging (IMC) at end user level is not cost-efficient for the Swedish heat market. Heat is included in the rent to avoid energy poverty. IMC does not provide the property owner incentives towards energy efficiency.
 - IMC at the end user level can lead to increase in energy poverty. Due to heat transfer, the resident with the coldest outdoor walls will pay for the heat for the other residents.
 - We propose that cost-efficiency in metering, proportionate distribution of heat costs between residents and energy efficiency incentives by the property owner, not the end user, must be ensured - both in renovation and new build. The criterion "cost efficient" must be amended to EED, where requirements for individual meters are made (article 9a, p. 2, third section).
- Requirements for remotely readable meters for district heating by 1 January 2027 is reasonable but must be technically feasible and cost effective.
- The requirements for information in EED article 10a in conjunction with billing must be coordinated more clearly with the proposed requirements for information etc. as proposed in the renewable energy directive.
- An accepted methodology for primary energy factors should be established to ensure an increased resource efficiency. National/local adaptations of the primary energy factors must also be possible.

¹ The possibility to exclude from the calculation of the energy savings requirement the verifiable amount of energy generated on-site