



## ETUC Resolution

### Comments on the proposal for a Directive on Energy Efficiency COM(2011) 370 final of 22 June 2011

Adopted at the Executive Committee on 19-20 October 2011

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At the end of 2010, the ETUC adopted positions on the Energy Strategy for Europe 2011-2020, presented in a resolution that contains an analysis and detailed proposals. That resolution<sup>1</sup> also contains in its final chapter the ETUC's 20 priorities for the European Union's energy policy for 2020, priorities that are relevant and that deserve the closest attention in the framework of this draft Directive, particularly because they incorporate the objectives of improving energy efficiency and promoting combined heat and power.

#### On the proposal for a Directive:

1. **Integrate and recognize the importance of the workplace and social dialogue in the Directive:** Considering the importance of the workplace as a primary site for the development and implementation of the measures proposed, the ETUC regrets the absence of initiatives relating to the workplace and promoting social dialogue in the European level energy efficiency policy and projects and wrote to Commissioners Hedegaard, Oettinger and Andor with these messages in July 2011 letter<sup>2</sup>, requesting a meeting with them to address how the workplace and social dialogue could be better reflected in European Energy efficiency policy.

Worker engagement and participation in energy efficiency programmes is crucial for their success. To ensure implementation, full engagement worker involvement through social dialogue in the formulation of policy and the development of skills and education programmes is of paramount importance, as well as measures ensuring good working conditions and health and security at work.

Therefore, the Directive should integrate the promotion of social dialogue as a necessary tool to achieve the objectives.

The possibility of adopting an annex on training leading to certification or qualification of the service providers covered by this Directive should also be

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<sup>1</sup> <http://www.etuc.org/a/7952>

<sup>2</sup> <http://www.etuc.org/r/1757>

examined. This could be modeled on the annex to Directive 2009/28/EC on the promotion of the use of energy from renewable sources.

2. **Set binding targets:** According to article 3, paragraph 1, “Member States shall set a national energy efficiency target expressed as an absolute level of primary energy consumption in 2020”. The commission does not, however, propose the setting of binding targets. This is problematic. Only with binding targets will progress be made. This has been shown to be the case with the 20 % renewables target. As the target is binding, member states have made a lot of progress and the EU is on course to achieve it. The energy efficiency target of 20 % needs to be made binding as soon as possible.
3. **Set a binding renovation rate for private buildings:** According to article 4, paragraph 1, “Member States shall ensure that as from 1 January 2014, 3% of the total floor area owned by their public bodies is renovated each year” Setting such a binding target is more than welcome. The problem is that public buildings constitute only 12 % of the building stock in the EU (according to Energy Efficiency Plan 2011). Any measure targeting such a small proportion of buildings is going to have a limited impact. As it states in preamble 15 of the draft directive, “the rate of building renovation needs to be increased, as the existing building stock represents the single biggest potential sector for energy savings”. In fact over 40 % of all energy is used in the building sector and reducing this energy use is very cost-efficient. Reaching the 20 % target will only be possible if a binding renovation rate for private buildings too is imposed in the directive. Member states could then decide how best to achieve this.  
For determining the level of ambition to be adopted in this Directive for private housing, reference should be made to the best practices that exist in several Member States, particularly in Germany, where the Alliance for Employment and the Environment has contributed to positive results.
4. **Foster Combined Heat and Power (CHP):** according to article 10 of the directive, every new power plant must be planned on the basis of CHP in order to improve efficiency. Utilities as well as industry are obliged to ensure that heat consumption is used effectively. ETUC welcomes this proposal, as highly efficient CHP plants are able to reduce the CO<sub>2</sub> emissions of total energy production by up to 30%. ETUC regrets that the Commission has chosen not to set EU binding targets for improving the rate of CHP production in the electricity sector nationally, as exist already in some Member States.
5. **Limit the cost repercussions on final customers:** The obligations and measures provided for or foreseeable under the Directive will inevitably result in costs. Measures should be included in the Directive to help guarantee that the cost repercussions on final customers will be moderate and excluding low-income households from such costs.
6. **Provide financing sources to meet the objectives:** According to preamble 33, “Member States and regions should be encouraged to make full use of the Structural Funds and the Cohesion Fund to trigger investments in energy

efficiency improvement measures.” It is of great importance to use the existing financial instruments to the full, but these are not adequate. Large scale energy efficiency improvements, such as extensive building renovation programs, will require lots of funds, which indebted national governments currently do not possess.

To bridge the gap, the commission has proposed the establishment of EU project bonds to finance infrastructure projects. The scope of these bonds should be extended to energy efficiency projects such as building renovation works. Funding should be provided in this way to both public authorities and energy service companies, which also suffer from lack of funding sources. The energy performance contracting performed by these companies, which the commission seeks to promote via this directive, is not adequately financed by the private sector due to the inherent risks involved. Therefore the use of EU project bonds would be of benefit.

The Commission should also:

- examine as a matter of urgency the reasons for the low take-up of available resources (Structural Funds and EIB, in particular) and review financing rules as need be;
  - explore how to increase the role of the Energy Efficiency Fund, in terms of both sources of financing and criteria for the grant of funds, which must ensure the achievement of both environmental and social objectives;
  - review other potential financing mechanisms, among which third-party financing systems.
7. **Make earlier assessments:** According to article 3, paragraph 2, “By 30 June 2014, the Commission shall assess whether the Union is likely to achieve its target of 20 % primary energy savings by 2020”. The assessment needs to take place earlier. Otherwise there will not be enough time to reach the target.
8. **Involve industry more closely: the cut-off date of 2014** for the first energy audits should be brought forward and all undertakings, large or small, should be obliged to have energy audits performed.

*As suggested by the EESC in its draft opinion, there is a need "to examine to what extent and under what conditions the benchmarking instruments for emissions of CO<sub>2</sub> and other polluting gases [BREF documents drawn up by the Seville-based IPTS (Institute For Prospective Technological Studies) as background material for the former IPPC Directive and the 2010 Industrial Emissions Directive (IED), also used for the ETS system, and which include energy efficiency references] could become binding and be drawn up in the framework of a system of governance involving all players concerned, among which employers, trade unions and NGOs (such as the ECHA Agency in Helsinki for the European REACH Regulation). In this way, it would be possible to take into account in the analyses and proposals to be drawn up in the framework of this governance system: the costs and benefits of conceivable energy efficiency measures and, among others, the social-employment dimension, the impact on working conditions, social analyses and standards, tools for evaluating estimated*

*employment, qualifications and vocational training needs, and arrangements to be implemented as a result."*

9. **Set strict conditions for the use of smart meters:** the conditions to be respected in the event of the installation of smart meters, as proposed in article 8, paragraph 1, are insufficient for the ETUC. The introduction of such meters should not lead to higher costs for consumers and must be made conditional on compliance with the principles of universality and accessibility of energy, as well as respect for personal data, as also stated by the EESC in its draft opinion.
10. **Public services:** the Directive should focus special attention on and highlight the fundamental role that regional and national public services can play in achieving the objectives of the Directive, whether on energy audits, energy performance contracts, aid and incentives for improving the energy efficiency of housing, industry and services, or aid for the installation of combined heat and power facilities.
11. **Include the transport sector:** the Directive should contain the obligation for Member States to report energy efficiency results obtained sector by sector, including the transport sector, despite the fact that another Directive on transport is being drafted.

**In connection with this Directive, the ETUC also asks the Commission and European Parliament:**

- To contribute to the European coordination required to improve school and university curricula, training programmes and R&D programmes, so as to adapt them to the objectives sought by this Directive and to favour partnerships to this effect.
- To contribute to expanding the remits of works councils and European works councils to include energy efficiency, in order to promote achievement of the objectives of this Directive.