

Review of progress towards the 2020 energy

INFORMATION ABOUT

Are you responding to this questionnaire on behalf of/as:

Please enter your name or the name of your company/organisation:

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How would you prefer your contribution to be published on the Commission website, if at all?

A. Energy efficiency

1. Do you think the right approach in addressing the shortfall is:

1.a.1. How should these target(s) be expressed?

1.a.2. At what level should they apply?

1.a.3. Should they be:

Further comments on targets

Please specify your response b)

B. Energy efficiency

2. Do you think that further policy measures are needed at EU level to foster energy efficiency in buildings?

Please give details.

3. Do you think that further policy measures are needed at EU level to foster energy efficiency in industry?

4. Do you think that further policy measures are needed at EU level to foster energy efficiency in transport?

5. Do you think that further policy measures are needed at EU level to foster energy efficiency in electrical equipment?

6. Do you think that further policy measures are needed at EU level to foster energy efficiency in generation and distribution?

7. Do you think that further financial mechanisms and instruments are needed at EU level to mobilise energy efficiency investments?

Please give details.

8. Do you think that further measures are needed to build the capacity of actors in the energy efficiency sector?

9. What are the most promising technology solutions that can help deliver energy savings in the 2020 and 2030 time horizon? How can their development and uptake be supported at EU level?

10. Further comments

Please give details.

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Energy efficiency objective and a 2030 energy

THE RESPONDENTS

Company

United Kingdom

Anonymously (I consent to publication of all information in my contribution and I declare that none of it is under copyright restrictions that prevent publication)

Energy targets and measures

- a) To define energy efficiency target(s)
- b) Reinforced implementation of existing legislation, including active policy on infringements

As absolute energy savings

National

Legally binding

The only way to effectively drive energy efficiency investment in Europe, particularly at a time of increased stress on energy resources, is through ambitious and binding targets set at national level. The draft Council Conclusions (11.04.2014) note that EE is a crucial tool in reducing Europe's energy dependence as well as the centrality of consumers in energy policy. Targets, especially when binding at the national level are the only proven way to drive EE. The importance of EEOs as encouraged by A.7 EED in delivering such targets should also be stressed. EEOs ensure that the appropriate parties are obligated to deliver savings, i.e. DSOs and suppliers which already have a relationship with consumers. Well-designed EEOs also create robust energy efficiency marketplaces that encourage both innovation but also the most cost-effective measures to meet their targets. Finally, EEOs also offer regulators the advantage of measuring and verifying savings accurately and effectively.

As pointed out by the Consultation document while the EED has made progress in driving energy efficiency, the EU is only forecasted to meet a 17% reduction in consumption by 2020. While new EU legislation is probably unwise due to the fact that less than 6 years remain until the target deadline, an increased focus on implementation of existing obligations as well as rigorous infringements against non-compliant Member States is what is needed to address the 3% shortfall. The Commission should promptly identify where submitted national measures are ineligible as well as issuing guidance on how Member States can meet their targets. Additionally, the EU could issue further guidance on how best to meet the obligations under the EED, with a focus on setting up effective EEOs.

Energy efficiency sectors

Yes

Buildings account for 40% of EU energy consumption and therefore should be a key focus for policy makers when designing EE schemes. It is nevertheless important to distinguish between building codes, and measures targeted at improving consumers' well being. The biggest challenge and opportunity to significantly increase EE in this sector is to motivate and educate consumers to change their behaviour, which will considerably reduce energy consumption in buildings. Behavioural EE (BEE) is a robust, effective and scalable measure which is best delivered through utilities which have a strong consumer relationship. Opower to date has saved over 4 TWh of energy using BEE worldwide, and our utility clients have sustained average annual savings of 1.5-3 % across their customer base. The EU should guide Member States to adopt BEE as an eligible measure as part of their national schemes.

Yes

Opower believes that were further financial mechanisms and instruments to be adopted at EU level to mobilise EE investments, they should be structured in such a way to act as technology neutral assistance. It should be noted that the most effective EE obligation schemes to date have adopted technology neutral market based approaches, where innovation and over-achievement are awarded. In such schemes obligated parties have the freedom and flexibility to choose from a wide range of technologies to meet their targets, which reduces unnecessary costs and focuses on outcomes. Financing mechanisms need not be complex but rather should be basic market mechanisms that incentivize the right outcomes. EE schemes need to be designed to allow utilities to earn a return on the efficiency they deliver and therefore the market needs to be as competitive as possible.

Yes

Innovation and ICT can help to deliver a lot of the EU's savings targets. It is necessary to use technology and make it consumer facing in order to truly reap the energy efficiency benefits. A highly effective method of doing so is by delivering BEE through such technology solutions and allowing consumers to control their consumption and participate in energy markets. Moving to a smarter grid means connecting consumers to the grid through smart meters. The EU can best support technological solutions by requiring smart billing and energy feedback programmes to accompany smart meters. This would educate consumers to alter their behaviour and therefore create smart consumers. Through Opower's existing BEE programmes globally our clients have sustained average annual energy savings of 1.5-3 %. While mandating smart billing is to be encouraged, it would be best for the market to decide upon the specific way of achieving the outcome, thereby opting for the most cost-effective route.

Opower would like to reiterate and expand on the value of pursuing an EEO as opposed to alternative measures. EEOs offer distinct advantages to both policy makers and obligated parties when delivering EE targets. EEOs allow the optimal party to be obligated, i.e. retailers and DSOs are uniquely positioned to deliver savings to their customers as they control and protect their energy usage data but are also engaged directly with end-use consumers. Further, EEOs create an effective and market-based mechanism to spur innovation and cost-effectiveness of measures. This is due to the fact that obligated parties are free to choose the cheapest methods to meet their targets. EEOs also allow for efficiency to be rewarded, as obligated parties can be given financial incentives to over-achieve. Finally, measurement and verification becomes simpler when EEOs are chosen over alternative measures.

Building on from the above, Opower recommends the following for the 2020 and 2030 timeframes. In order to ensure that the 2020 target is met, the Commission could draft and issue guidelines on best practices for designing a successful EEO. Many Member States do not have much experience in the field and could use the relevant expertise, in order to implement effective, market based EEOs as described above. The guidelines should stress that technology neutrality is key, and that obligated parties should have the flexibility to choose from a wide range of measures. One such measure should certainly be BEE, due to its verified energy savings and ability to reach all households at a low cost, and importantly act as a lift for other programmes. In relation to the 2030 horizon, Opower would recommend that pending the success of EEOs over alternatives during the current EED phase, that the EU considers making EEOs mandatory in Member States.