Report on the implementation of requirements set forth in Article 7 of Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC

According to the requirements set forth in Article 7(9) of Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC (hereinafter the Directive 2012/27/EU), the Republic of Latvia provides a report on measures for the implementation of requirements set forth in Article 7 of Directive 2012/27/EU.

The present Report has been drawn up based upon the Concept of the transposition into national law the requirements of Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC (hereinafter – the Concept on implementation of Directive 2012/27/EU) (http://mk.gov.lv/lv/mk/tap/?pid=40288015&mode=mk&date=2013-11-26) approved by the Cabinet on 26 November 2013.

1. Cumulative end-use energy savings target

Article 7(1) of the Directive 2012/27/EU stipulates that each Member State shall set up an energy efficiency obligation scheme (hereinafter – the EEOS). The EEOS shall ensure that energy distributors and/or retail energy sales companies that are designated as obligated parties under paragraph 4 operating in each Member State's territory achieve a cumulative end-use energy savings target by 31 December 2020, without prejudice to paragraph 2. That target shall be at least equivalent to achieving new savings each year from 1 January 2014 to 31 December 2020 of 1.5% of the annual energy sales to end users of all energy distributors or all retail energy sales companies by volume, averaged over the most recent three-year period prior to 1 January 2013. The sales of energy, by volume, used in transport may be partially or fully excluded from this calculation.

The cumulative energy savings in the specified period set for Latvia in line with the terms of Article 7 of the Directive 2012/27/EU is 9896 GWh.

1.1 Data used for calculation

Data provided by the Central Statistical Bureau (hereinafter – the CSB) in years 2010, 2011 and 2012 were used to calculate the binding target (http://www.csb.gov.lv/en/statistikas-temas/energy-key-indicators-30736.html). Data provided by the CSB that were used for calculation differ from the data available to *Eurostat*, because *Eurostat* possesses data through 2011, while the CSB has data through 2012, including the adjusted data for 2010 and 2011. In line with the requirements of Directive 2012/27/EU, the calorific value coefficients for fuels as provided in Annex IV of Directive 2012/27/EU were used to define the energy end-use.

1.2 Exclusion of transport and personal consumption

The calculation of energy savings target does not include the sales of energy, by volume, used in transport. The excluded volume of energy is shown in Table 1.

Directive 2012/27/EU allows exclusion from the total energy final consumption of the volume of energy generated by the consumers themselves and used on site for their own personal needs. In the case of Latvia it means that the volume of wood fuel prepared and consumed by households themselves may be excluded from the final energy consumption of households. Based on a survey of household energy consumption (http://www.csb.gov.lv/en/statistikas-temas/metodologija/energy-consumption-households-37336.html) the CSB points out that households themselves prepare 24.4% of the total amount of firewood and 25.2% of wood waste consumed as fuel. Therefore the share of household wood fuel included in the calculation of the target has been reduced accordingly. The respective volume of wood fuel prepared by households is shown in Table 1.

1.3 Calculation of the binding target in accordance with the conditions of Article 7(1) and (2) of Directive 2012/27/EU

Data used in calculation as well as the exclusions and results are summarised in Table 1. Having evaluated the application of allowed options mentioned under Article 7(2) of Directive 2012/27/EU, in the case of Latvia the options (a) and (b) were selected for determining the binding target, namely, the reduced target setting rate was applied and the final energy consumption by industrial companies listed in the Emissions Trading Scheme (ETS) was deducted from the final energy consumption.

Table 1

Summary of values used for calculation of the binding target and the results

	Year 2010	**Year 2011**	**Year 2012**
Final energy consumption, total, TJ	176 544	161 034	161 011
Final energy consumption in transport, TJ	50 267	45 216	43 871
Volume of wood fuel	7 351	6 249	6 388

prepared and consumed by households, TJ			
Amount of energy end-use used for calculation of the binding target, TJ	118 926	109 569	110 754
Average amount of energy end-use used for calculation of the binding target, TJ	**113 083**		
(Cumulative) Energy savings target calculated in accordance with Article 7(1)	**47 495 TJ or 13 194 GWh**		
Calculated (cumulative) energy savings target by applying the values specified in Article 7(2)(a)	**37 599 TJ or 10 445 GWh**		
Calculated (cumulative) energy savings target by applying a combination of options provided in Article 7(2) (a) and (b); deducting from the total final energy consumption 60% of the energy used in industrial activities listed in Annex I (ETS activities) of Directive 2003/87/EC	**35 623 TJ or 9 896 GWh**		

1.4 Compliance with conditions of Article 7(3) of Directive 2012/27/EU in applying the exceptions

Article 7(3) of Directive 2012/27/EU stipulates that application of options listed in paragraph 2 shall not lead to a reduction of more than 25% of the amount of energy savings referred to in paragraph 1.

By applying the reduced target setting rate (option a) the set cumulative energy savings in the period is **10 445 GWh, or by 20.8% less than the value specified in Article 7(1) of Directive 2012/27/EU**.

Options provided in Article 7(2) (a) and (b) of Directive 2012/27/EU may be combined if the share of energy consumption (60%) used in industrial activities listed in Annex I of Directive 2003/87/EC is deducted from the total final energy consumption used in calculation of the target (option b). In the case of such a combination, the cumulative energy savings in the period is **9**

896 GWh, which is 25% less than the target value specified in Article 7(1) of Directive 2012/27/EU. The obtained results are summarised step by step in Figure 1.

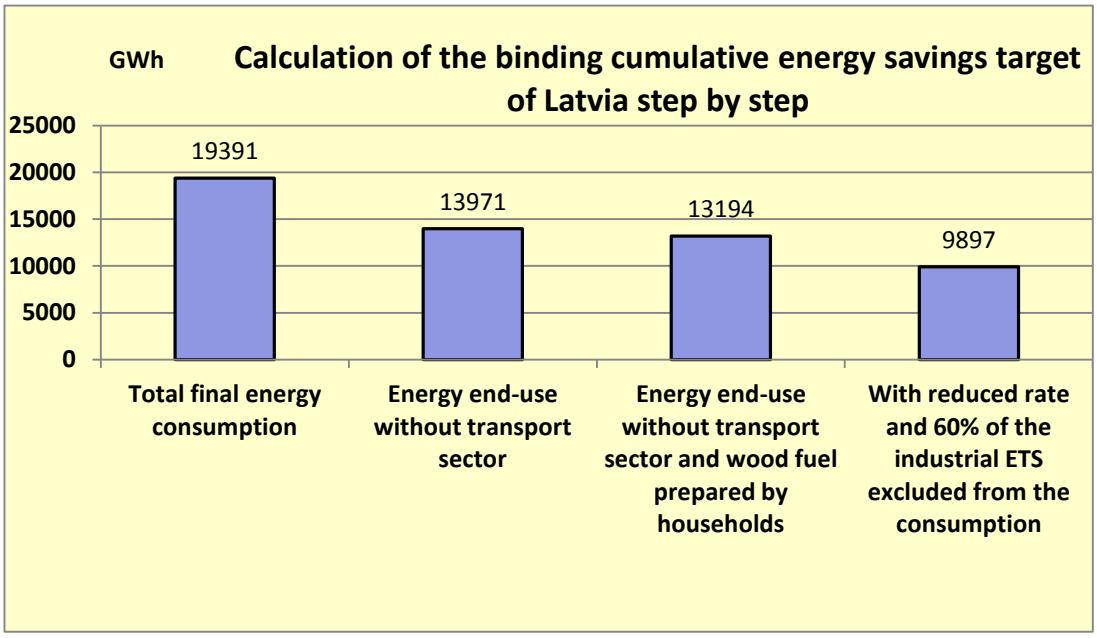

Figure 1 Calculation of the binding cumulative energy savings target of Latvia step by step

1.5 The planned trajectory of achieving the cumulative target

Taking into account that Latvia has no experience in using the EEOS and that in 2014 and 2015 the planned financing under the EU Funds planning period of 2014-2020 for implementation of energy efficiency measures will not yet be available for projects, the main energy savings can be expected starting from 2016.

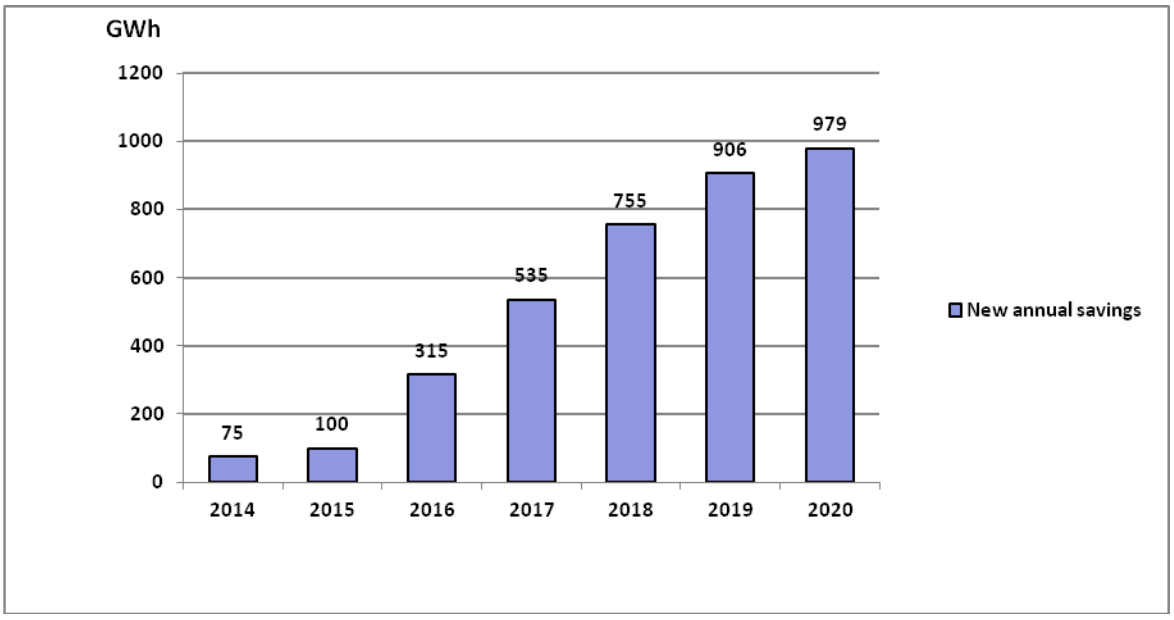

Figure 2. The planned trajectory of achieving the cumulative target

2. Policy measures to achieve the mandatory target

To ensure achievement of the binding target of cumulative energy savings calculated in accordance with the requirements set out in Article 7(1) of Directive 2012/27/EU Latvia has decided to set up the EEOS in combination with alternative measures in line with the Concept on implementation of Directive 2012/27/EU approved by the Cabinet on 26 November 2013.

2.1 Basic principles of setting up the EEOS provided for in Article 7(1) of Directive 2012/27/EU

2.1.1 Justification of industries involved in the EEOS

Main criteria for selecting the obliged party for the EEOS are as follows:

- It is necessary to involve the types of energy that have clearly defined distribution/sales companies that work with the end-users. Hence, the types of energy which use physical networks for energy distribution are the priority. Inclusion of all types of fuels and energy in the EEOS might make the system too complex from the point of view of system administration as well as in terms of target setting and savings verification;
- There is an opportunity to start with a smaller number of industries and expand the coverage of EEOS gradually.

In Latvia the aforementioned EEOS criteria is met by electricity supply, natural gas supply and district heating companies.

2.1.2. Justification of obliged parties involved in the EEOS

It is justified to involve those companies, which are already now collecting and processing information on energy consumption by customers, as EEOS obliged parties. Based on data analysis, these companies have the most realistic chances to find optimal energy efficiency improvement solutions for consumers. Due to their functions, the energy distribution and retail companies have the ability to influence user decisions in the most efficient way, because they possess information on energy consumption by users and have the technical expertise in the technologies used. The preconditions required for successful functioning of the EEOS are as follows:

- **Cooperation and relations with consumers/energy users.** Close involvement and education of consumers is a very important priority, because the obliged parties involved in the EEOS are directly dependent on consumers;
- **Information.** Accessibility of data or information on energy consumption and their analysis show the possibilities available to consumers and ensures efficient decision-making by involved actors;

- **Innovation.** Wide selection of technologies and their competitiveness, based on their cost effectiveness, advance the emergence of innovative solutions and their application;
- **Evaluation.** Standards of measurement, control and confirmation are based on precise statistics data and ensure transparency of investments in energy efficiency measures.

In Latvia the following companies could be selected as the obliged parties of the EEOS:

- In electricity supply: **AS "Sadales tīkls", an energy supply company** that ensures the supply of electricity to more than one million electricity users; its services cover 99% of the territory of Latvia. Among other tasks, AS "Sadales tīkls" also performs the monitoring of electricity usage, measures to reduce losses and electricity accounting.
- In district heating: **a heating supply company or an operator of district heating system** in cases mentioned in Article 47(1) of the Energy Law. In such a case, the obliged parties to the EEOS are the district heating supply, distribution and sales companies that have been registered and whose business is governed by the Law on Regulators of Public Utilities.
- In natural gas supply: **the operator of natural gas system**, taking into account Article 42 of the Energy Law and Articles 1 and 3 of the Cabinet Regulation No 1048 "Regulations for the Supply and Use of Natural Gas" (16 December 2008).
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2.1.3. Selection criteria of companies involved in the EEOS

To avoid a situation where part of companies supplying the same type of energy become the so-called *free riders*, namely, they take privileged position against other companies, all companies supplying the same type of energy should be involved in the EEOS. Small companies would lack sufficient capacity (technical, administrative) to meet the confirmation and reporting conditions required by the EEOS.

In the case of Latvia the companies representing the sectors of electricity supply and natural gas supply (AS "Sadales tīkls" and the operator of natural gas system) would cover almost all consumers in Latvia.

The question that can be discussed relates to the defining of criteria for the involvement of district heating supply (hereinafter – the DHS) companies in the EEOS. The experience of other countries shows that usually, the involvement criterion is either the number of customers serviced or the annual amount of energy sold.

To cover a possibly larger part of the DHS while taking into account the administrative and financial capacity of DHS companies in ensuring the functioning of the EEOS, the criterion for involvement of energy supply companies in the EEOS could be the annual amount of heat sold setting the minimum threshold. If the annual amount of heat sold is 40 GWh or more then

the companies involved in the EEOS cover approximately 70% of energy supplied via the district heating systems of Latvia. If the threshold criterion for involvement in the EEOS applicable to the DHS companies is reduced to 25 GWh per annum, then the EEOS companies cover only slightly more – approximately 75% of the energy consumed in the district heating systems.

Precise division of responsibilities under the EEOS will be established in the normative documents by 5 June 2014, depending on the overall structure of the Latvian EEOS to be developed including the set of mutually agreed conditions and elements.

2.1.4 Offer of energy efficiency measures to the obliged parties of the EEOS

Latvia is of the opinion that the most essential energy savings can be achieved in the housing sector, i.e. by renovating residential apartment buildings and public buildings. The total housing stock of apartment buildings in Latvia consists of 36.6 thousand buildings with a total area of 46.52 million square meters, the majority of which (98% by quantity and 95.5% by area) were built before 1993, when the heat engineering requirements for enclosing constructions of buildings were significantly improved, and thus they have a low level of energy efficiency. In terms of ownership the National Real-Estate Cadastre Information System shows that the state and local governments own 7 141 buildings with the total area of 9.63 million square meters. The majority of the structures are buildings for educational and science institutions (3 209), office buildings (1 688) and medical or health care institutions (685). Taking into account the local weather conditions, the need for heating the buildings in Latvia (4 035 days of temperatures requiring heating) is significantly higher than on average in Europe (3 067 days of temperature requiring heating).

Apart from heat insulation of buildings the obliged parties in any of the end-use sectors may perform, among others, the following energy efficiency measures:

- installation of heat controllers and meters in apartments and the informing of consumers about heat adjustment options;
- installation of solar collectors for heating of premises and water heating;
- installation of heat pumps;
- installation of heating boilers with better energy efficiency parameters;
- installation of heat recuperation systems;
- replacing of electrical devices (refrigerators, electric stoves, etc.);
- replacement of lighting fixtures;
- introduction of automatic lighting control and management systems;
- replacement of electric motors, pumps and other devices;

- introduction of energy management system (ISO 50001);
- services provided by energy service companies (ESCO).

According to Article 20(6) of Directive 2012/27/EU Latvia plans to establish the Energy Efficiency National Fund, the purpose of which will be to support government initiatives in the area of energy efficiency, and to stipulate that the obliged parties can implement their responsibilities under the EEOS as specified in Article 7 of Directive 2012/27/EU by paying, to the Energy Efficiency National Fund, an amount that equals the investments that would be necessary to implement the above-mentioned responsibilities. On 26 November 2013, by approving the solution for implementing Article 7 of Directive 2012/27/EU, the Cabinet issued an order to commence the establishing of the Energy Efficiency National Fund.

2.2 Planned alternative measures to achieve the binding target

According to what has been approved under the Concept of implementation of Directive 2012/27/EU, Latvia is planning to achieve the calculated binding savings target in part by means of alternative measures, in order to reduce the burden of the target imposed on energy distribution and retail companies.

In line with the requirements set forth in Article 7 of Directive 2012/27/EU, the following alternative measures have been planned:

1. Activities included in the National Development Plan 2020 (hereinafter – NDP 2020) are:

- support for manufacturing companies and service providers in order to improve energy efficiency;
- energy efficiency measures for public buildings;
- renovation of apartment buildings to improve their energy performance.

To support the aforementioned measures during the programming period of 2014-2020, it is planned for assistance to be received from the European Union (hereinafter – the EU) Funds programmes.

Table 2

Activities included in the NDP 2020 in respect of energy efficiency of buildings

Measure	**Planned energy savings, thousand MWh**	**Source of funding**
Support for manufacturing companies and service providers in order to improve energy efficiency	19	Government budget
		ERDF
Energy efficiency measures for public buildings	102	Government budget
		ERDF

		Municipal funding
Renovation of apartment buildings to improve their energy performance	71	ERDF
		Private co-financing
TOTAL:	192	

Planned cumulative savings: ***1 609 GWh.***

2. EU Structural Funds Operational Programme for 2007-2013 "Infrastructure and Services"

Projects under activity 3.4.4.1 *Improvement of Heat Insulation of Multi-apartment Residential Buildings* (hereinafter – activity 3.4.4.1) will be implemented in 2014 and 2015. The goal of activity 3.4.4.1 is to improve the energy efficiency of residential multi-apartment buildings to ensure sustainability of the housing stock and efficient use of energy. Activity 3.4.4.1 was started in 2009, but the implementation of projects will continue until 2015. According to information available on 11 November 2013, a total of 1 440 project applications have been submitted under this activity. 575 contracts have been signed and 293 projects are already completed. It is planned that in 2014-2015 about 200-300 projects will be implemented each year involving renovation of multi-apartment buildings.

The planned cumulative savings from projects implemented in 2014-2015 is **1 050 GWh.**

3. Agreement on improvement of energy efficiency

Cabinet Regulation No 555 (12 July 2011) "Regulations Regarding the Procedures for Entering into and Supervision of an Agreement Regarding Energy Efficiency Improvement" provides for the procedure of the entering into an agreement between the state and the entities performing the energy efficiency measures. A party to such a signed agreement can be a business association, a company or a municipality that undertakes the achievement of the planned energy savings target by implementing specific energy efficiency improvement measures, in accordance with the terms of the signed agreement. The purpose of such an agreement is to achieve energy savings of at least 10% in that particular industry, company or municipality. Achievement of the energy savings target must be supported with the Energy Efficiency Action Plan. Initially the agreement will be offered to municipalities which have already became the signatories of the Covenant of Mayors and have started drawing up their energy action plans for 2020.

Planned cumulative savings: **150 GWh.**

4. Modernisation of the rolling stock of AS “Pasažieru vilciens”

According to the informative report on modernisation of the rolling stock of AS “Pasažieru vilciens" prepared by the Ministry of Transport (hereinafter – the MoT) and approved on 19 November 2013 by the Cabinet, the MoT plans to renovate the rolling stock of AS “Pasažieru vilciens” by leasing new electric trains (24 to 45 trains in 15 years) and by modernising 19 existing diesel-powered trains during the period of time from January 2014 to August 2015. The projected energy savings from reduced consumption of energy and more efficient functioning of the rolling stock could be 15%.

The planned cumulative savings from this measure by 2020: **31 GWh.**

5. Energy efficiency projects financed from the Climate Change Financial Instrument (hereinafter – the CCFI):

- Open tender “Complex solutions for the reduction of greenhouse gas emissions, phase 3” identifies energy efficiency as one of the supported activities. The purpose of the tender is to reduce the greenhouse gas emissions by ensuring a switch from technologies that use fossil energy to technologies using renewable sources of energy, modernising the manufacturing technological equipment used by companies or replacing them with new manufacturing equipment and improving the energy efficiency of buildings.

In total, 275 project applications were approved for this tender, and the projects must be completed by 30 June 2014.

The planned cumulative savings from energy efficiency measures implemented in 2014: **386 GWh.**

- Open tender “Reduction of greenhouse gas emissions in the public territories lighting infrastructure of municipalities”, phase 3. The purpose of the tender is to reduce carbon dioxide emissions in the public territories lighting infrastructure in municipalities by introducing technologies and environmentally-friendly methods that result in reduced electricity consumption. The approved projects must be completed by 31 March 2014.

The planned cumulative savings from projects implemented in 2014: **130 GWh.**

Table 3

Planned energy savings from the alternative measures and the financing provided from the support programmes

Item No	Title of the alternative measure	Implementation time	Planned funding (mln., LVL)	Calculated cumulative energy savings (GWh)
1	EU Funds programmes for improving energy efficiency	2014-2020	227.0 (323 mln.	1 690

	of multi-apartment buildings, central government and municipal buildings and buildings of small and medium enterprises planned in the programming period of 2014-2020		EUR)	
2	Activity 3.4.4.1 "Improvement of Heat Insulation of Multi-apartment Residential Buildings" implemented under the sub-activity 3.4.4 "Energy efficiency of housing" of the EU Structural Funds 2007-2013 operational programme "Infrastructure and Services"	2014-2015	0.418 (0.595 mln., EUR) (Financing requested by projects that are currently being evaluated)	1 050
3	Agreement with municipalities and businesses on improvement of energy efficiency in line with Cabinet Regulation No 555 (12 July 2011) "Regulations Regarding the Procedures for Entering into and Supervision of an Agreement Regarding Energy Efficiency Improvement"	2014-2020	According to development plans of municipalities	150
4	Modernisation of the rolling stock AS "Pasažieru vilciens"	2014-2020	108.0 (153.67 mln. EUR) (indicative)	31
5	„Complex solutions for the reduction of greenhouse gas emissions in municipal buildings", phase 3	2014-2015	**13.607 (19.361 mln. EUR)**	386
6.	"Reduction of greenhouse gas emissions in the public territories lighting infrastructure of municipalities", phase 3.	2014	0.729 (19.361 mln. EUR)	130
	TOTAL:		349.755 (497.657 mln. EUR)	3 437

2.3 Administration of the EEOS

In 2014, to manage the EEOS, it is planned not only to establish a separate unit in the Ministry of Economics, but in the coming years, to examine the possibility of creating a separate competent authority under the Ministry of Economics.

The unit to be established will have the following tasks:

1) to administer the EEOS;
2) to ensure distribution of the target set for the EEOS among the obliged parties of the EEOS;
3) to develop and maintain the EEOS monitoring system;
4) once a year perform the assessment of energy savings made by the obliged parties and draw up a report;
5) by 31 December 2020, prepare at least two interim reports on the results of the operation of the EEOS;
6) once a year publish the energy savings achieved by each obliged party as well as the total energy savings achieved under the EEOS;
7) to provide notification of the sanctions established in the laws and regulations or apply adequate sanctions if any of the obliged parties has failed to achieve the envisaged energy savings target;
8) to prevent double counting of energy savings;
9) if the obliged parties have obtained a permit to implement their energy efficiency obligation by paying every year to the energy efficiency fund an amount that equals the investments that would be necessary to implement the respective obligation, to create and maintain a register of such obliged parties which have chosen this option;
10) to create and introduce a control system that independently, and at least statistically, checks a significant part of the energy efficiency improvement measures;
11) to develop and maintain an alternative system for the monitoring of energy efficiency measures.

3. Methods for calculating energy savings

According to Annex V of Directive 2012/27/EU the energy saving methods specified in the annex were assessed and it was concluded that the deemed savings method and the metered savings method are the most suitable for Latvia.

3.1 Deemed savings or *ex-ante* method

Latvia has begun work on the development of the deemed energy savings catalogue (hereinafter – the savings catalogue). It is planned that the savings catalogue will be developed based on the template of the Danish savings catalogue "*Standardværdikatalogforenergibesparelser*, Version 1.02 of July 2012" and the specific parts of the Danish savings catalogue that can be applied in the Latvian situation will be translated and applied.

3.2 Metered savings or *ex-post* method

Application of the *ex-post* method has the following advantages:

1. The following normative laws and regulations have been developed in Latvia concerning the energy efficiency increase for all end-use sectors:
    a. Law on the Energy Performance of Buildings (9 January 2013);
    b. Cabinet Regulation No 382 "Regulation on Independent Experts in the Area of Energy Efficiency of Buildings" (19 July 2013);
    c. Cabinet Regulation No 383 "Regulations Regarding Energy Certification of Buildings" (19 July 2013);
    d. Cabinet Regulation No 348 "Method for calculation of Energy Efficiency of a Building" (11 July 2013);
    e. Energy End-use Efficiency Law (28 January 2010);
    f. Cabinet Regulation No 138 "Regulations on Industrial Energy Audit" (13 March 2013);
    g. Cabinet Regulation No 923 "Procedures by which the Final Savings in the National Energy Consumption is Recorded and the Operation of the Energy Efficiency Monitoring System is Ensured" (30 September 2010).

2. The *ex-post* method is already being used in Latvia – a system of independent experts has been set up involving 106 independent experts (http://em.gov.lv/images/modules/items/EA%20registrs%202013%20junijs.pdf) and their number is growing each year.

3. Several financing programmes have been implemented in Latvia, which assessed the energy savings using the *ex-post* method, namely, under the European Regional Development Fund (ERDF) programmes (http://em.gov.lv/em/2nd/?cat=30904) and the Climate Change Financial Instrument (CCFI) programmes (http://www.varam.gov.lv/lat/darbibas_veidi/kpfi).

This method is used to assess the energy savings from an individual or set of energy efficiency measures that correspond to any of the following features:

- replacement of existing energy consuming equipment with newer and more efficient equipment;
- improvement of existing energy consuming equipment or improvement of energy efficiency of buildings;
- installation of new efficient energy consuming equipment or construction of new energy efficient buildings.

Assessment of the energy savings by applying the *ex-post* method reflects the difference of the final energy consumption before and after the implementation of energy efficiency improvement measures or programmes taking into account the correction factors caused by external circumstances (climate conditions, load of usage of equipment or buildings, and other).

Energy consumption before and after the implementation of energy efficiency improvement measures is defined as changes of energy consumption against the consumption reference level.

In general the **energy savings of an implemented energy efficiency improvement measure** with the *bottom-up* method is calculated according to the following formula:

$E_{sav} = SES_y * EMV$, where

E_{sav} – energy savings per year (KWh);

SES_y – specific energy savings per year (energy savings per unit per year or per one square meter per year) as a result of an energy efficiency improvement measure;

EMV – value describing the volume of the energy efficiency measure implemented (number of replaced units, area of renovated buildings, etc.).

For the calculation of the cumulative savings the lifetime of energy efficiency measures will be determined in line with the proposals by the European Commission in respect of the harmonised lifetimes for adoption of requirements set out in Annex IV of Directive 2006/32/EU.

3.3 Method of calculating energy efficiency of buildings

Cabinet Regulation No 348 "Method for calculation of Energy Efficiency of a Building" provides for the method of calculating the energy efficiency of a building. The method is used when drawing up the energy balance at the level of a building. If the energy balance is drawn up at the level of engineering systems or if the calculated energy required for heating the building is less than 50 KWh per square meter per year, a detailed calculation shall be made in accordance with the standard LVS EN ISO 13790:2009 L "Energy Performance of Buildings – Calculation of Energy Use for Space Heating and Cooling". The methodological guide for the performance of an energy audit is attached in Annex 1, but the energy audit calculation tables are attached in Annex 2 (http://www.em.gov.lv/em/2nd/?cat=30173).

Latvia does not plan to use tax measures as an alternative measure.

4. Energy efficiency monitoring system

An energy efficiency monitoring system has been set up in Latvia in accordance with the Energy End-use Efficiency Law; the functioning of the system is ensured in line with the requirements specified in Cabinet Regulation No 923 "Procedures by which the Final Savings in the National Energy Consumption is Recorded and the Operation of the Energy Efficiency Monitoring System is Ensured". Energy savings are recorded for each individual energy efficiency measure in every energy end-use sector (household, services, industrial, transport, state and local government sectors). Reports on energy savings also include the information on investments in energy efficiency. In line

with the form provided in Annex 1 to Cabinet Regulation No 923, the energy savings report shall be completed by the following information submitters:

- the responsible institution, which has granted a direct payment from the state or local government budget to entities implementing the energy efficiency improvement projects;
- the responsible institution, which has granted a state or local government guarantee to entities implementing the energy efficiency improvement projects;
- the responsible institution, which complies with the conditions of the Law on the Management of the European Union Structural Funds and the Cohesion Fund;
- the responsible institution, which has granted credit interest rate subsidies from the state or local government resources to entities implementing the energy efficiency improvement projects;
- the responsible institution, which has granted or provided other financial aid from the state or local government resources to entities implementing the energy efficiency improvement projects;
- any entity voluntarily implementing the energy efficiency measures.

The mentioned information submitters shall by 1 March of each year send the energy savings reports to the Ministry of Environment regarding the results of the implemented energy efficiency projects for the previous calendar year.

The information submitter of the energy savings report shall include information on general and specific energy efficiency indicators in line with the sample form included in the aid receipt contract.

5. Verification and control of energy savings and penalties for non-fulfilment of the target

5.1 Verification and control of the energy savings

At the moment the functioning of the Energy Efficiency Monitoring National System is defined by Cabinet Regulation No 923 „Procedures by which the Final Savings in the National Energy Consumption is Recorded and the Operation of the Energy Efficiency Monitoring System is Ensured”. It is planned that by 5 June 2014, the Cabinet Regulation will be amended, specifying that the energy savings reports prepared by the parties involved in the EEOS and the performers of alternative measures must be examined by an independent expert with competency meeting the requirements of Cabinet Regulation No 382 “Regulation on Independent Experts in the Area of Energy Efficiency of Buildings”. It is planned that the institution administrating the EEOS will compile these reports preventing double counting of measures. Every year the EEOS administrating institution will examine, at least statistically, a

significant part of the submitted energy savings reports and will publish the data on energy savings trends in the reporting year.

5.2 Prevention of double counting

Cabinet Regulation No 923 "Procedures by which the Final Savings in the National Energy Consumption is Recorded and the Operation of the Energy Efficiency Monitoring System is Ensured" (30 September 2010) stipulates that the counting of energy savings takes place in two steps. In the first step the information on energy savings for the responsible institution, which has granted a direct payment from the state or local government budget and from the EU Structural Funds and Cohesion Fund financing to entities implementing the energy efficiency improvement projects, shall be submitted by each individual implementer of the project by completing the report specified in the regulation. The report shall contain the title of the project including the project address as well as the sources of financing in such way preventing the double counting of energy savings. In the second step the responsible institution examines and compiles the individual reports, thus eliminating the risks of double counting of energy savings, and then submits the reports to the ministry responsible for energy efficiency policy.

5.3 Penalties for non-fulfilment of the target

In order to define penalties for the obliged parties of the EEOS for non-fulfilment of the obligation (i.e., for non-achievement of the set energy savings target or failure to make the respective payment to the Energy Efficiency National Fund), amendments to the Energy End-use Efficiency Law (and, if necessary, to other sectoral legislation as well) will be prepared by 5 June 2014 in accordance with the requirements of Article 28(1) of Directive 2012/27/EU, also appointing the competent authority, which will be responsible for applying the penalties.

Enclosed:
Annex 1: Methodological guide for the performance of an energy audit.
Annex 2: Energy audit calculation tables in *Excel* with explanations.