



MINISTRY  
OF INDUSTRY, ENERGY AND  
TOURISM

SECRETARY OF STATE FOR ENERGY

REPORT ON THE ENERGY SAVING AND EFFICIENCY POLICY MEASURES IN COMPLIANCE WITH  
ARTICLE 7 OF DIRECTIVE 2012/27/EU OF THE EUROPEAN PARLIAMENT AND OF THE  
COUNCIL OF 25 OCTOBER 2012 ON ENERGY EFFICIENCY

SPAIN

Madrid, 3 December 2013



## 1. INTRODUCTION

In accordance with the requirements of the final subparagraph of Article 7(9) of Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, this report is intended to notify the European Commission of the policy measures Spain will adopt for the purposes of the first subparagraph of that article and Article 20(6), following the framework provided in point 4 of Annex V (*proposed detailed methodology for operation of the energy efficiency obligation schemes*).

Spain is fully committed to the energy efficiency targets arising from Directive 2012/27/EU aimed at achieving a 20% saving target in terms of primary energy by 2020 for the European Union as a whole. Pursuant to the requirements of Article 3 of this Directive, Spain set and notified to the Commission the national indicative targets for the year 2020, in terms of primary and final energy consumption and energy intensity.

The targets set previously follow up on the policies and measures concerning energy efficiency that have already been developed over the past decade in Spain, which made it possible to bring fulfilment of the target set by Directive 2006/32/EC for the year 2016 forward to the year 2010. The results of these policies and measures were extensively detailed in the Energy Efficiency Action Plan 2011–2020, sent to the Commission in accordance with the requirements of that Directive.

The Energy Efficiency Action Plan 2011–2020 includes an extensive catalogue of energy saving and efficiency measures that are being implemented, with varying degrees of progress, despite the restrictions imposed by the current economic climate. As such, since the *Report on the National Energy Efficiency Target 2020* was sent to the European Commission, pursuant to Article 3 of Directive 2012/27/EU, Spain has continued working to promote energy efficiency, with particular emphasis on the transport and building sectors, following up on the *Programa de Incentivos al Vehículo Eficiente [Efficient Vehicle Incentive Programme]* (PIVE), the fourth call for which is being carried out, with an accumulated endowment of around EUR 300 million, and furthermore approving a *Programa de Ayudas para la Rehabilitación Energética de Edificios Existentes de Sector Residencia (uso vivienda y hotelero) [Aid Programme for the Energy Renovation of Existing Buildings in the Residential Sector (home and hotel use)]* (PAREER Programme) endowed with EUR 125 million and aimed at promotion of integral actions that encourage the improvement energy efficiency and the use of renewable energies in the existing buildings in the residential sector, thus contributing to meeting the targets in Articles 4 and 7 of Directive 2012/27/EU. Other notable aid resources in this regard include the *Plan de Impulso al Medio Ambiente PIMA Aire [Air Environmental Boost Plan]* (EUR 38 million), for acquiring commercial vehicles, as well as the *Plan PIMA Sol [Sun Environmental Boost Plan]* (EUR 200 million) for the energy renovation of hotel facilities and the *Climate 2013 Projects* (EUR 10 million) for promoting energy saving by acquiring verified reductions of emissions generated in the diffuse sectors.

Furthermore, Law 15/2012 of 27 December on fiscal measures for energy sustainability, in force since January 2013, permanently established tax-related mechanisms aimed at sending final consumers of energy an appropriate price signal, in order to encourage the rational and efficient use



of energy, in line with the basic principles that govern the European Union's fiscal, energy and environmental policy, and with the ultimate objective of serving as a stimulus for improving our levels of energy efficiency.

Nevertheless, Directive 2012/27/EU requires significant additional effort from all Member States, without taking either the macroeconomic situation or the efforts that have already been made and continue to be made into account. In the case of Spain, the approval of the Energy Saving and Efficiency Strategy 2004–2012, in November 2003, was a turning point in the energy saving and efficiency policies and in the level of ambition of the programmes and measures implemented, which has been reflected in the evolution of the energy intensity indices since that time. Therefore, the fact that these previous efforts are not taken into account in the text of Directive 2012/27/EU penalises countries that have been committed to energy efficiency since before Directive 2006/32/EC was approved, in two ways: on the one hand, because a large portion of these savings cannot be counted due to having moved the fulfilment of our commitments for 2016 forward to the year 2010 and, on the other, because the most effective and profitable measures have already been undertaken and the potential for improving energy efficiency is now focused on measures that are more difficult to implement, which may not generate savings in the short term and have longer return periods – the majority beyond 2020 – which will increase the cost of the actions to be carried out and does not count the long-term savings for the fulfilment of new targets in 2020.

Spain nonetheless reiterates its commitment to energy saving and efficiency policies and measures and, considering that the target calculated by virtue of Article 7 is ambitious and difficult to achieve in an unfavourable economic climate, it will make use of all the instruments and possibilities Directive 2012/27/EU makes available to Member States to fulfil this target. As such, Spain will implement an energy efficiency obligation scheme for retail energy sales companies, as well as a series of alternative measures out of those listed in Article 7(9), points (a), (b), (c), (d), (e) and (f), which as a whole will make it possible to achieve the energy savings target calculated in point 2 of this document. In addition, an Energy Efficiency National Fund will also be created as a support for the obligation scheme.



## 2. CALCULATION OF THE FINAL ENERGY SAVING TARGET IN 2020 PURSUANT TO ARTICLE 7 OF DIRECTIVE 2012/27/EU

The savings target in the second subparagraph of Article 7(1) is formulated as the need to achieve cumulative energy savings over a seven-year period between 2014 and 2020, both inclusive, equivalent to annually achieving additional savings of 1.5% of the annual energy sales to final customers of retail energy sales companies and energy distributors, averaged over the most recent three-year period.

The savings target for Spain – excluding the transport sector in the calculations– amounts to **21 305 ktoe**. This was calculated as the sum total of annual figures for the years 2014 and 2020, each produced by multiplying the annual average consumption of final energy in the industry and multi-purpose sectors for the years 2010, 2011 and 2012 by an incremental annual coefficient of 1.5%, i.e. 1.5% in the year 2014, 3.0% (1.5% + 1.5%) in 2015 and so on, successively, up to 10.5% in the year 2020<sup>1</sup>.

In line with the possibility set out in paragraphs 2 and 3 of Article 7 of the Directive, the cumulative saving target is reduced from 21 305 ktoe to **15 979 ktoe** for the overall period falling between 1 January 2014 and 31 December 2020. The flexibility elements that will be taken into account to determine the final target will be notified to the European Commission prior to 5 June 2014, although the design of the energy efficiency obligation scheme and the supplementary measures that will be implemented will be carried out, from 1 January 2014, on the basis that Spain may reduce the Article 7(1) target by up to the 25%<sup>2</sup> allowed by the Directive in paragraph 3 of that article.

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<sup>1</sup>Notwithstanding the full exclusion of the final consumption of energy for the transport sector for the purposes of calculating the target, retailers of petroleum products for transport shall be obligated parties in the energy efficiency obligation scheme that will be implemented in compliance with Article 7(1) of Directive 2012/27/EU (Article 7(4) of Directive 2012/27/EU).

<sup>2</sup>Making use of the flexibility mechanism set out in Article 7(2)(a), the target is reduced by 20.8%; the additional and joint use of the flexibility mechanism set out in Article 7(2)(b) together with the above, would make it possible to reduce the overall target to 42.9%, taking into account that the final consumption of the industrial activities included in Annex I of Directive 2003/87/EC represent 66.8% of the total industrial sector consumption. Therefore, and without prejudice to the formal notification that will be made regarding the use of the flexibility mechanisms by 5 June 2014, it is assumed that Spain will be able to achieve the 25% maximum by making use of the mechanism in paragraph 2(a) and of any of those set out in paragraph 2(b), (c) and (d), preferably the mechanism included in paragraph 2(b).



**Table 1. Breakdown of the calculation of the binding target in Article 7**

	CONSUMPTION Final energy (ktoe)				SAVING TARGETS Final energy (ktoe)							TOTAL 2014-2020
					1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	
	2010	2011	2012	AVERAGE	2014	2015	2016	2017	2018	2019	2020	
<b>Industry</b>	21 516	21 094	20 771	21 127	317	634	951	1 268	1 585	1 901	2 218	<b>8 873</b>
<b>Transport</b>	36 922	35 684	33 110	35 239	529	1 057	1 586	2 114	2 643	3 171	3 700	<b>14 800</b>
<b>Residential, services and other</b>	30 411	29 312	29 075	29 600	444	1 332	1 332	1 776	2 220	2 664	3 108	<b>12 432</b>
<b>TOTAL</b>	<b>88 849</b>	<b>86 090</b>	<b>82 957</b>	<b>85 965</b>	<b>1 289</b>	<b>2 579</b>	<b>3 868</b>	<b>5 158</b>	<b>6 447</b>	<b>7 737</b>	<b>9 026</b>	<b>36 105</b>
<b>TOTAL without transport</b>	<b>51 927</b>	<b>50 406</b>	<b>49 847</b>	<b>50 727</b>	<b>761</b>	<b>1 522</b>	<b>2 283</b>	<b>3 044</b>	<b>3 805</b>	<b>4 565</b>	<b>5 326</b>	<b>21 305</b>

	FLEXIBILITY MECHANISMS	
	(%)	(ktoe)
<b>Flexibility mechanism Article 7(2)(a).</b> 1% savings path in 2014 and 2015, 1.25% in 2016 and 2017, 1.5% in 2018, 2019 and 2020	<b>20.8</b>	<b>4 439</b>
<b>Flexibility mechanism Article 7(2)(b).</b> Partial exclusion of energy sales to industrial activities listed in Annex I to Directive 2003/87/EC	<b>4.2</b>	<b>888</b>
<b>TOTAL Mechanisms</b>	<b>25</b>	<b>5 326</b>

**CUMULATIVE SAVING TARGET 2014-2020 (TOTAL without transport – TOTAL mechanisms (25%))** **15 979 ktoe**

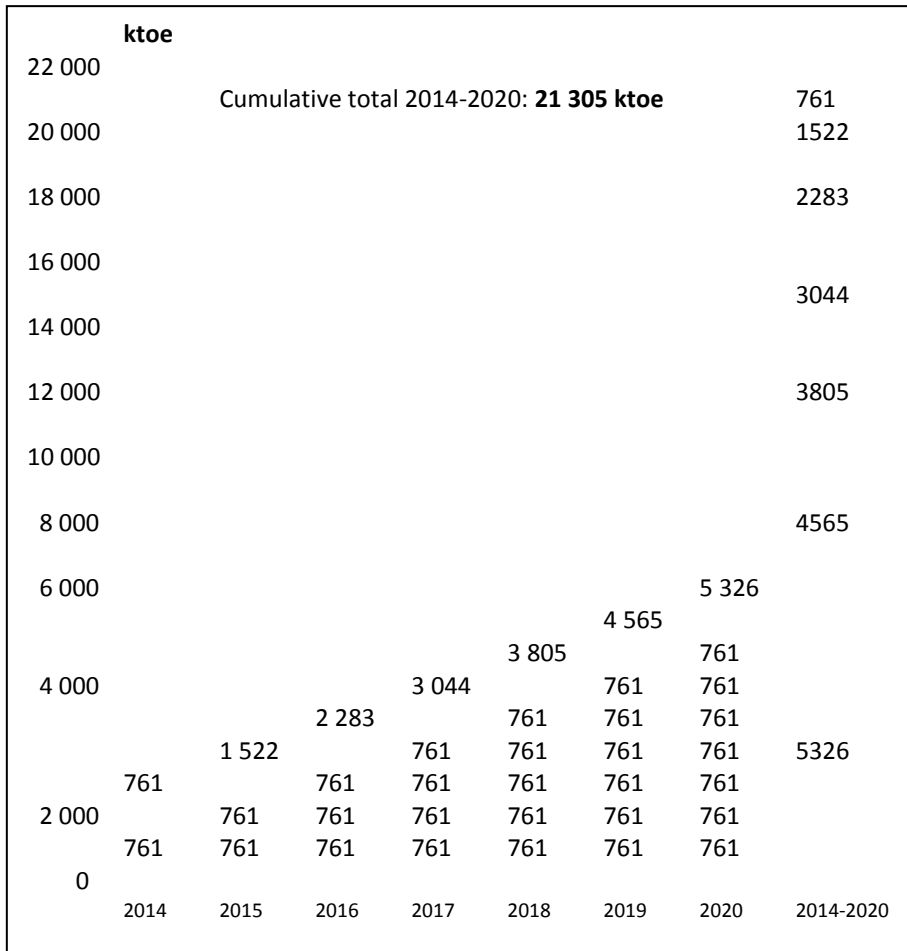
Source: Ministry of Industry, Energy and Tourism (MINETUR)/Institute for Energy Diversification and Saving (IDAE)

**Note:** The calculation of the target has been modified with regard to the calculation notified by Spain in the annual report sent to the European Commission in compliance with Article 3 and in accordance with Article 24(1) of Directive 2012/27/EU. The modification was the result of including the final energy consumption of the agriculture and fishing sectors within the final energy consumption (Code B\_101700), in line with the final version of the interpretative note from Article 7 (SWD (2013) 451 final), paragraph 8 on the EUROSTAT databases and definitions that must be used for calculating the target.



**Graphic 1**

**Cumulative saving target calculation without flexibility mechanisms**

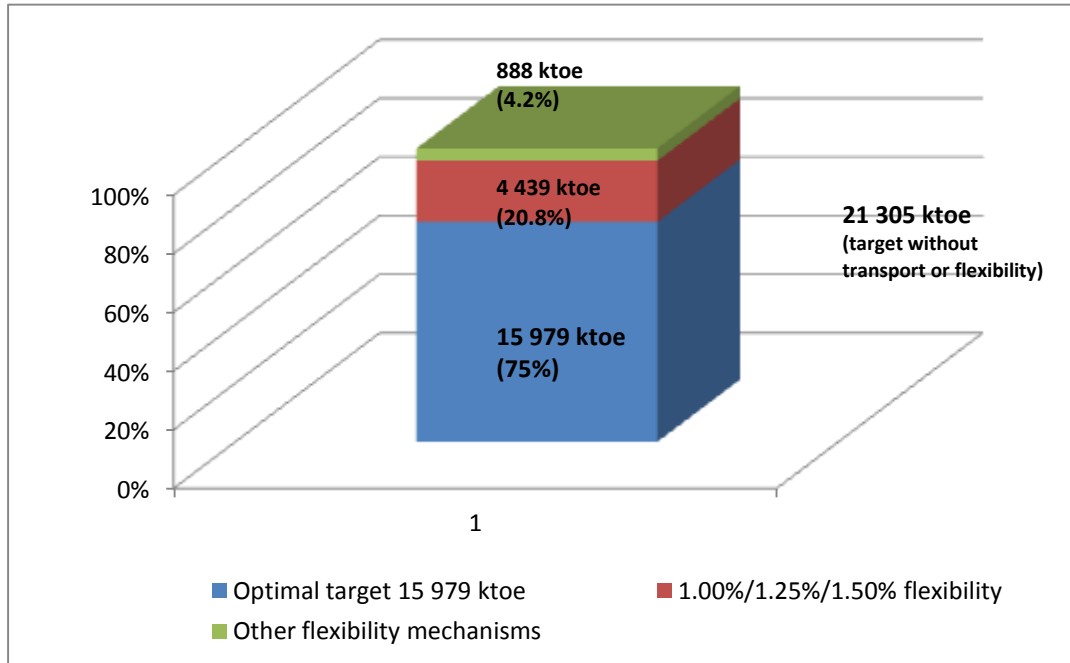


Source: MINETUR/IDAE



Graphic 2

Final energy savings target for the period 2014-2020



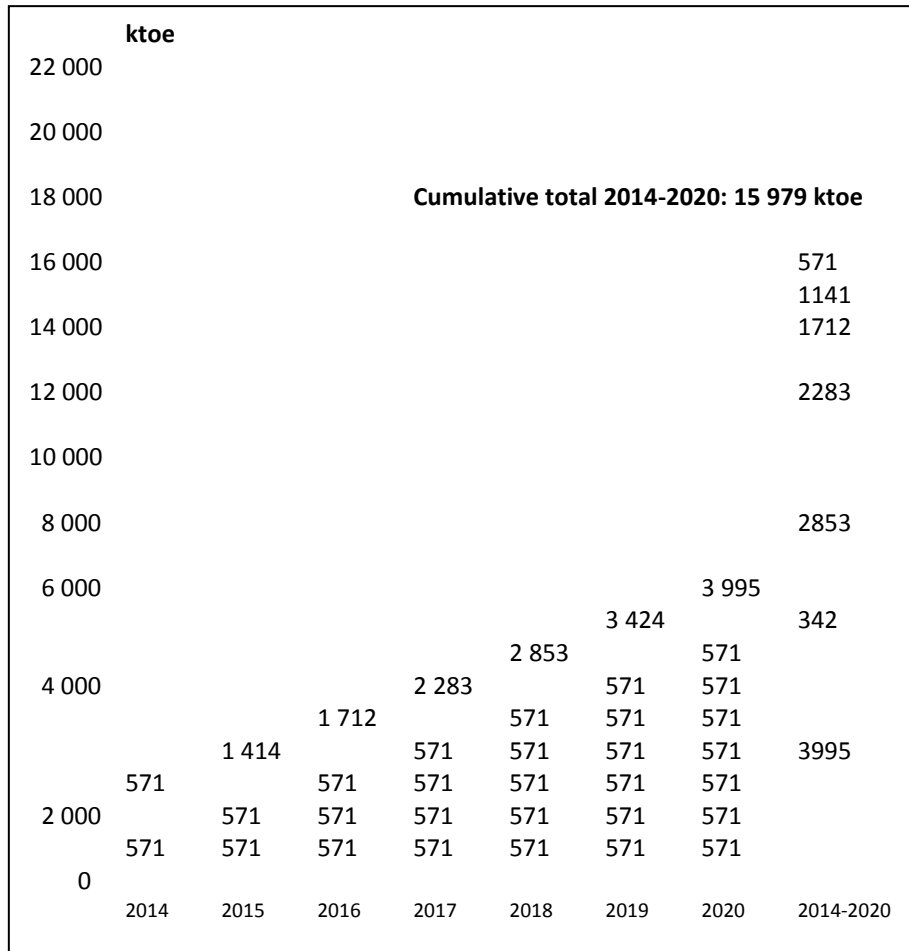
Source: MINETUR/IDAE

The savings target calculated in the previous section equivalent to 571 ktoe/year represents a linear distribution of this target over the entire commitment period; the achievement of this saving target requires large-scale public and private investments in terms of actions, mainly renovating equipment and processes in the industrial sector, renovating heating, climate control and lighting in the building sector (residential or business use) or renovating building envelopes, as well as investments in measures to use transport more efficiently.



**Graphic 3**

**Time distribution of final cumulative savings target**



Source: MINETUR/IDAE





### 3. POLICY MEASURES

Law 15/2012 of 27 December on fiscal measures for energy sustainability, in force since January 2013, permanently established tax-related mechanisms aimed at sending final consumers of energy an appropriate price signal, in order to encourage the rational and efficient use of energy, in line with the basic principles that govern the European Union's fiscal, energy and environmental policy, and with the ultimate objective of serving as a stimulus for improving our levels of energy efficiency. Moreover, the increase in Value Added Tax affecting energy producers results in a more efficient price signal for consumers, which translates into energy efficiency savings and improvements that are already taking place.

Moreover, as has been highlighted, the current measures and action programmes in energy efficiency that are in force and part of the Energy Saving and Efficiency Action Plan 2011–2020 continue to be implemented.

As a whole, all of these measures – both fiscal and regulatory – are included among the alternatives that Article 7(9)(a)-(f) of Directive 2012/27/EU puts in the hands of Member States with a view to meeting the binding target in Article 7(1), and that will thus contribute to achieving this target when it enters into force from the beginning of 2014.

Likewise, in order to fulfil the target in Article 7, pursuant to paragraph 1 thereof, an energy efficiency obligation scheme will be adopted, which will be implemented based on a standardised scheme of negotiable energy saving certificates that are sufficiently flexible and simple such that there is no significant administrative burden for either the obligated parties in the scheme or for the managing authority, which is expected to be fully operational in 2015–2016.

In accordance with the provisions of Article 7(9), the implementation of this obligation scheme will be combined with the use of new measures out of those defined as alternatives in the abovementioned Article 7(9)(a)–(f) of Directive 2012/27/EU, essentially those of a fiscal nature, as well as energy efficiency standards and information campaigns.

Finally, an Energy Efficiency National Fund will be created as support for the obligation scheme, pursuant to Article 20 of Directive 2012/27/EU.

The volume of the savings and the investment required – which is considerable and comes within an economic and budgetary context that makes it difficult to finance investment decisions with long-term returns – mean that it is necessary to devise a new model for promoting energy efficiency, which constitutes a qualitative and quantitative jump with respect to the current model.

This new model for promoting energy efficiency is based on assigning specific energy efficiency obligations, in accordance with the philosophy of Directive 27/2012/EU, to retail energy sales companies, which thus lead them to assume responsibility for achieving the savings targets and implementing the necessary mechanisms for achieving these targets, or for paying the corresponding compensation, with less government intervention.

It is worth noting that this model will increase competition on the energy market as the service companies will be able to differentiate their products by providing supplementary energy services, and not only to those consumers to whom they sell energy, but to all final consumers.



### 3.1. Energy efficiency obligation scheme

#### 3.1.1. Obligated parties

Implementing an energy efficiency obligation scheme that will make it possible to fulfil the target in Article 7(1) of Directive 2012/27/EU requires Member States to designate **obligated parties**, which must be done on the basis of objective and non-discriminatory criteria, in accordance with paragraph 4.

In the case of the energy efficiency obligation scheme that will be implemented in Spain, the obligated parties will be **electricity<sup>3</sup>, gas and oil product retailers, including transport**; Spain will nonetheless make use of the option granted to Member States not to impose this obligation on “*small energy distributors, small retail energy sales companies and small energy sectors to avoid disproportionate administrative burdens*”<sup>4</sup>.

#### 3.1.2. Distribution of obligation

Obligations regarding the parties will be established annually, distributing the overall target linearly over the seven-year commitment.

The saving target calculated pursuant to Article 7(1) will be distributed among the obligated parties (electricity, gas and oil product retailers, including transport), using as a benchmark the market shares of each of the electricity, gas and oil product retailers whose sales exceed the threshold determined by law.

The baseline information for the initial distribution of the targets by sources will be the sales from the 2012 financial year of each and every one of the retailers of these energies that surpass the threshold; in successive years, the baseline information for the distribution of targets will be the sales from the year n-2. The obligations to which the energy retailers operating in Spain will be subject, pursuant to Article 7(1) of Directive 2012/27/EU, will result from applying the market shares of each retailer<sup>5</sup> to the previous saving target. The savings obligations will be set in terms of final energy and expressed in GWh.

#### 3.1.3. Operation of the obligation scheme

In order to facilitate achievement of the savings arising from the energy efficiency obligation scheme, a standardised energy savings certificate scheme will be developed, based on a catalogue of measures and savings associated with each of these energy efficiency actions and measures. These

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<sup>3</sup>With the entry into force of last resort tariffs (Royal Decree 485/2009 of 3 April regulating the implementation of the last resort supply in the electricity sector), electricity distribution companies no longer provide retail services, in order to devote themselves to building, maintaining and operating the grids; retail companies are the only ones that can sell electricity to final consumers and are divided into two groups: last resort retailers (the only companies authorised to charge the last resort tariffs that will be set by the Government) and those that operate on the liberalised market.

<sup>4</sup>Recital 20 of Directive 2012/27/EU.

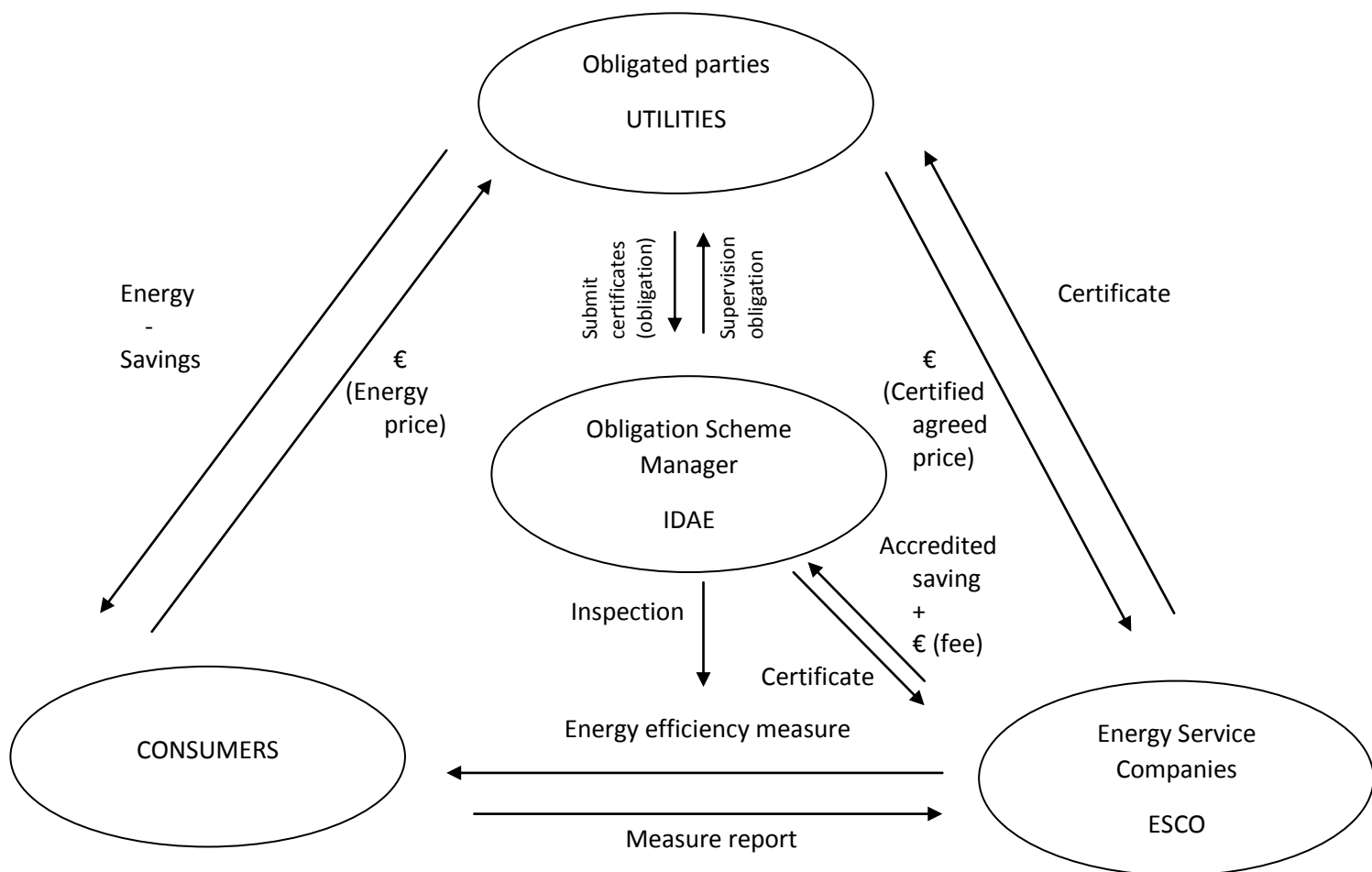
<sup>5</sup>The shares are calculated considering that the part of the target not assumed by the small retailer companies that are excluded from the scheme due to not exceeding the legally established threshold will be assumed by those that do exceed this threshold.



certificates will be negotiable, and the issuing and registration thereof will ensure transparency in all cases. At the end of each annual period, the obligated parties must provide the certificates obtained that are necessary to fulfil their obligation, or, alternatively, provide an equivalent amount of compensation to the Energy Efficiency National Fund. Diagram 1 below illustrates the general operation of the energy efficiency obligation scheme that will be implemented by Spain.

**Diagram 1**

**General diagram on the operation of the energy efficiency obligation scheme**



In accordance with the requirements of point 4 of Annex V, the required details on the operation of the energy efficiency obligation scheme are outlined below. The **obligated parties (Annex V, point 4a)**<sup>6</sup> in the scheme that will be implemented in Spain will be all electricity, gas and oil product retailers that, individually, sell to final customers by a volume greater than the threshold determined by law. These companies will be obliged to provide the energy efficiency obligation scheme

<sup>6</sup>The notification provided for in point 4 of Annex V shall include details of: (a) obligated, participating, or entrusted parties, or implementing public authorities.



**managing authority** (IDAE<sup>7</sup>) with the energy efficiency certificates accrediting sufficient fulfilment of the obligation that has been set for them by law. As managing authority, IDAE will assume the tasks of supervising fulfilment of the energy efficiency obligations by the obligated retail companies.

IDAE will also be responsible for issuing and registering energy efficiency certificates. Any obligated party and/or energy service company (as **participating party** in the energy efficiency obligation scheme)<sup>8</sup> may request that IDAE issues energy efficiency certificates subject to accreditation of having implemented a measure that led to achieving energy savings among final consumers. The energy efficiency and savings measures that will give rise to the right to have energy efficiency certificates issued for an amount equal to the energy saving arising from the measures must be included in the catalogue, the index for which (*table of measures*) is reproduced below. Once completed, the catalogue will include the estimate of the savings (*ex ante*) that will be accepted from the companies for implementing each of the actions included therein, as well as the full list of the supporting documentation that the companies must submit to the IDAE to request the issuing of the energy efficiency certificates that may apply to them.

Energy service companies and/or obligated parties must obtain explicit approval from the final consumer for the action of promoting, supporting and/or funding investments in energy saving and efficiency measures. These investments will be those that give energy service companies (as participating parties and/or obligated parties) the right to receive energy efficiency certificates for the savings arising from such investments.

The actions included in the catalogue include energy saving and efficiency measures in **all final energy consuming sectors**: industry, transport, buildings (residential and business use, both privately and publicly owned) and agriculture, considering all the final energy consuming sectors as targets for the purposes of the requirements of **Annex V, point 4(b)**<sup>9</sup>.

The **energy saving target** arising from applying Article 7 for the entire period 2014–2020 will be distributed linearly and annually (**Annex V, point 4(c)**<sup>10</sup>). When the rules on the operation of the energy efficiency obligation scheme have been approved by law, an **annual** ministerial order will lay down the saving targets that will apply to each of the obligated parties (**Annex V, point 4(d)**<sup>11</sup>), once the savings obtained through the use of the alternative measures have been discounted. The **eligible measures** (**Annex V, point 4(e)**<sup>12</sup>) will be those included in the catalogue, of which the main categories of measures are summarised in the following table, in a preliminary manner:

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<sup>7</sup>*Institute for Energy Saving and Diversification, a Public Corporation attached to the Ministry of Industry, Energy and Tourism.*

<sup>8</sup>*Obligated parties may count the certified energy savings obtained by energy service companies, such that energy service contracts may act as a very effective market instrument in facilitating fulfilment and verification of the fulfilment of the savings target.*

<sup>9</sup>*The notification provided for in point 4 of Annex V shall include details of: (b) target sectors.*

<sup>10</sup>*The notification provided for in point 4 of Annex V shall include details of: (c) the level of the energy saving target or expected savings to be achieved over the whole and intermediate periods.*

<sup>11</sup>*The notification provided for in point 4 of Annex V shall include details of: (d) the duration of the obligation period and the intermediate periods.*

<sup>12</sup>*The notification provided for in point 4 of Annex V shall include details of: (e) eligible measure categories.*



**Table 2. Preliminary table of measures to be implemented as part of the energy efficiency obligation scheme**

<b>INDUSTRY</b>
Introduction of energy management schemes and energy audits Improvement of equipment and process technology (BAT)
<b>TRANSPORT</b>
Improvement of urban mobility and transport for businesses Management of road transport fleets Efficient driving for driving school instructors Efficient driving for drivers of industrial and private vehicles Introduction of electric, natural gas and hydrogen vehicles Infrastructures for recharging electric vehicles Participation of the railway in passenger and goods transport Participation of the maritime sector in goods transport Management of transport infrastructures
<b>BUILDING AND FIXTURES AND FITTINGS</b>
Energy renovation of the thermal envelopes of existing buildings Improvement of the energy efficiency of the heating installations in existing buildings Improvement of the energy efficiency of the lighting installations in existing buildings Construction of new buildings and renovation of existing buildings with high energy ratings Improvement of the energy efficiency of commercial and industrial cooling installations Improvement of the energy efficiency in the existing lift installations in buildings Improvement of the energy efficiency of existing data centres Improvement of the energy efficiency of household appliances Improvement of the energy efficiency through home automation and smart management systems Improvement of the energy efficiency of district heating and cooling
<b>PUBLIC SERVICES</b>
Renovation of existing outdoor public lighting installations Improvement of the energy efficiency of current residual water treatment, storage and processing and desalination



Without prejudice to the measures initially included in the catalogue that will be used to put the energy efficiency obligation scheme into effect, ongoing technological improvements will make it necessary to incorporate new measures to include and unlock the potential energy savings that might arise from new final use technologies. The measures will be added to the catalogue once the energy savings can be determined, pursuant to Annex 5, point 1.

The accepted savings (*ex ante*) that will be included in the catalogue for each of the measures set out will be set using as a benchmark the results of previous energy improvements subjected to an independent check in similar installations (**Annex V, point 4(f)**<sup>13</sup>); to this end, the savings determined using bottom-up methods will be used as benchmark for the measures included in the energy efficiency action plans implemented previously in Spain as part of the Energy Saving and Efficiency Strategy 2004–2012. The **accepted saving calculation** for each of the actions will be set out in the catalogue together with the lifetime or **duration of the savings** that arise from each and every one of these measures; in general and excluding certain actions geared towards the transport sector, the lifetime of the actions exceeds the commitment period for the present Directive 2012/27/EU (**Annex V, point 4(g)**<sup>14</sup>).

In order to determine the energy saving with regard to energy efficiency measures, point 2(b) of Annex V states that “to account for climatic variations between regions, Member States may choose to adjust the savings to a standard value or to accord different energy savings in accordance with the temperature variations between regions”. In the case of Spain, there is a classification of climatic zones based on the different energy efficiency measures or use of renewable energies that are regulated by various official regulations, which will be the regulations that will be used in the catalogue that is approved; **the accepted savings will be adapted to the different climatic zones where the measures contained in the catalogue could be implemented (Annex V, point 4(h)**<sup>15</sup>).

As managing authority of the energy efficiency obligation scheme, IDAE will have inspection and supervision powers to ensure the proper implementation of the energy saving and efficiency measures; failure to implement the measures according to the criteria set out in the catalogue or insufficient proof of the realisation thereof by the company requesting the energy efficiency certificates will give rise to the refusal of these certificates (**Annex V, point 4(i)**<sup>16</sup>).

IDAE may have support from specialist external entities to verify the proper implementation of the energy efficiency measures by energy service companies and/or obligated parties. The designation of IDAE as the body responsible for issuing and registering energy efficiency certificates and for supervision and inspection duties ensures the independence of the obligated parties in its capacity as public corporation attached to the Ministry of Industry, Energy and Tourism (**Annex V, point 4(j), (k)**<sup>17</sup>).

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<sup>13</sup>The notification provided for in point 4 of Annex V shall include details of: (f) calculation methodology, including how additionality and materiality are to be determined and which methodologies and benchmarks are used for engineering estimates.

<sup>14</sup>The notification provided for in point 4 of Annex V shall include details of: (g) lifetimes of measures.

<sup>15</sup>The notification provided for in point 4 of Annex V shall include details of: (h) approach taken to address climatic variations within the Member State.

<sup>16</sup>The notification provided for in point 4 of Annex V shall include details of: (i) quality standards.

<sup>17</sup>The notification provided for in point 4 of Annex V shall include details of: (j) monitoring and verification protocols and how the independence of these from the obligated, participating or entrusted parties is ensured; (k) audit protocols.



The obligation scheme that will be implemented in Spain thus fulfils Directive 2012/27/EU, as it will impose an overall target on the obligated parties, calculated in accordance with the calculation criteria laid down in Article 7(1) and in the interpretative note for Article 7 (SWD (2013) 451 final (**Annex V, point 4(I)**)<sup>18</sup>).

At the beginning of each obligation settlement period, the value of the compensation will be established by law, to be applied to retailers in the event of having a lack of certificates to justify complete fulfilment of their annual saving obligations, without prejudice to the possibilities of applying savings obtained in other periods in accordance with Article 7(7) of the Directive. This value must reflect an amount equal to the marginal investment incentive required by the scheme for the fulfilment of the saving target in this period.

It will be an advantage that the obligated parties may opt to fulfil the obligations arising from the scheme through a contribution to the Energy Efficiency National Fund with the amounts that will be determined. The Fund will be set up in accordance with the provisions of Article 20; therefore, Spain will make use of the power granted to it by Directive 2012/27/EU in paragraph 6 of that same article (*“Member States may provide that obligated parties can fulfil their obligations set out in Article 7(1) by contributing annually to the Energy Efficiency National Fund”*).

### **3.2. Energy Efficiency National Fund**

Making use of the power laid down in Article 20(4), Spain will create an **Energy Efficiency National Fund** as support for the obligation scheme and as a means to promote fulfilment of energy efficiency targets. This Fund will be fed by sources including the compensations resulting from the annual settlement of saving certificates, or, where appropriate, by the contributions made by obligated parties in the framework of national energy efficiency obligation schemes to fulfil their obligations pursuant to Article 20(6). This Fund may also include the amounts that may be necessary to renovate buildings owned by the General Administration of the State (Article 20(5)) in the percentage required by Article 5(1).

The Fund will be established by law once the Government is authorised via a superior rule of law.

The Energy Efficiency National Fund will be the main vehicle for promoting the public policies to promote energy efficiency, with particular emphasis on the diffuse sectors: building and transport.

### **3.3. Alternative measures set out in Article 7(9) of Directive 2012/27/EU**

In combination with the energy efficiency obligation scheme, Member States may consider other policy measures that will make it possible to achieve the saving target set. Article 2 of the Directive defines **“policy measure”** as *“a regulatory, financial, fiscal, voluntary or information provision instrument formally established and implemented in a Member State to create a supportive framework, requirement or incentive for market actors to provide and purchase energy services and to undertake other energy efficiency improvement measures”*.

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<sup>18</sup>The notification provided for in point 4 of Annex V shall include details of: (I) how the need to fulfil the requirement in the second subpoint of Article 7(1) is taken into account.



Spain will put measures of this kind into practice: on one hand, **financial and fiscal instruments** that will result in implementing energy efficient technologies or techniques that will bring about a reduction in final energy consumption, and, on the other, **energy efficiency standards and voluntary agreements**.

As regards the measures of a fiscal nature, it has already been mentioned that **Law 15/2012** of 27 December **on fiscal measures for energy sustainability** has introduced a tax reform with the aim of internalising the environmental costs arising from electricity production and storing spent nuclear fuel or radioactive waste and, thus, serving as a stimulus to improve our levels of energy efficiency. **Three new taxes** have been regulated through this law: the tax on the value of electricity production, the tax on spent nuclear fuel production and radioactive waste resulting from generating nuclear energy and the tax on storing spent nuclear fuel and radioactive waste in centralised facilities; a levy has been created for the use of inland water for producing electricity; the established tax rates for natural gas and coal have been modified and the anticipated exemptions for energy products used in producing electricity and in cogeneration of electricity and useful heat have also been abolished. In that regard, once the effect of this reform on the final electricity and gas prices for final consumers has been determined, the elasticities that will serve as basis for quantifying the expected savings as a result of this reform will be calculated, and communicated to the European Commission at the appropriate time (**Annex V, point 4, Taxes, letters (a), (b), (c), (d), (e)**<sup>19</sup>).

Furthermore, the adoption of new fiscal measures is being examined for the purpose of encouraging efficiency and improving the energy intensity of our economy, providing incentives and efficient signals to final consumers for the renovation of stocks, mainly buildings and in transport.

Finally, in addition and as it appears in the Energy Efficiency Action Plan 2011–2020, Spain will implement training and education programmes, including energy advice programmes (Article 7(9), second subparagraph). In relation to these programmes, the methodology to be applied to calculate the savings will be that explicitly set out in Annex V, point 1(d), surveyed savings. In this case, consumers' response to the advice, information campaigns, labelling or certification schemes will be quantified to estimate the savings resulting from changes in consumer behaviour.

#### 4. CONCLUSIONS

This report complies with the provisions of Article 7(9), second subparagraph, which obliges Member States to notify to the Commission, by 5 December 2013, the policy measures that they plan to adopt for the purposes of the first subparagraph and Article 20(6), following the framework provided in point 4 of Annex V.

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<sup>19</sup>The notification provided for in point 4 of Annex V in the case of taxes shall include details of: (a) target sectors and segment of taxpayers; (b) implementing public authority; (c) expected savings to be achieved; (D) duration of the taxation measure and intermediate periods; and (e) calculation methodology, including which price elasticities are used.





In accordance with the above, Spain will implement an energy efficiency obligation scheme and create an Energy Efficiency National Fund, envisaged in Article 20 of Directive 2012/27/EU as support for the abovementioned obligation scheme. Spain will make combined use of the alternative measures set out by the Directive itself, essentially fiscal and financial in nature, and energy efficiency standards and information campaigns.

Lastly, a system of penalties will be established for cases of infringements in relation to the obligations laid down in Articles 7 to 11 and 18, in accordance with Article 13 of the Directive, which will be notified to the European Commission before 5 June 2014.