

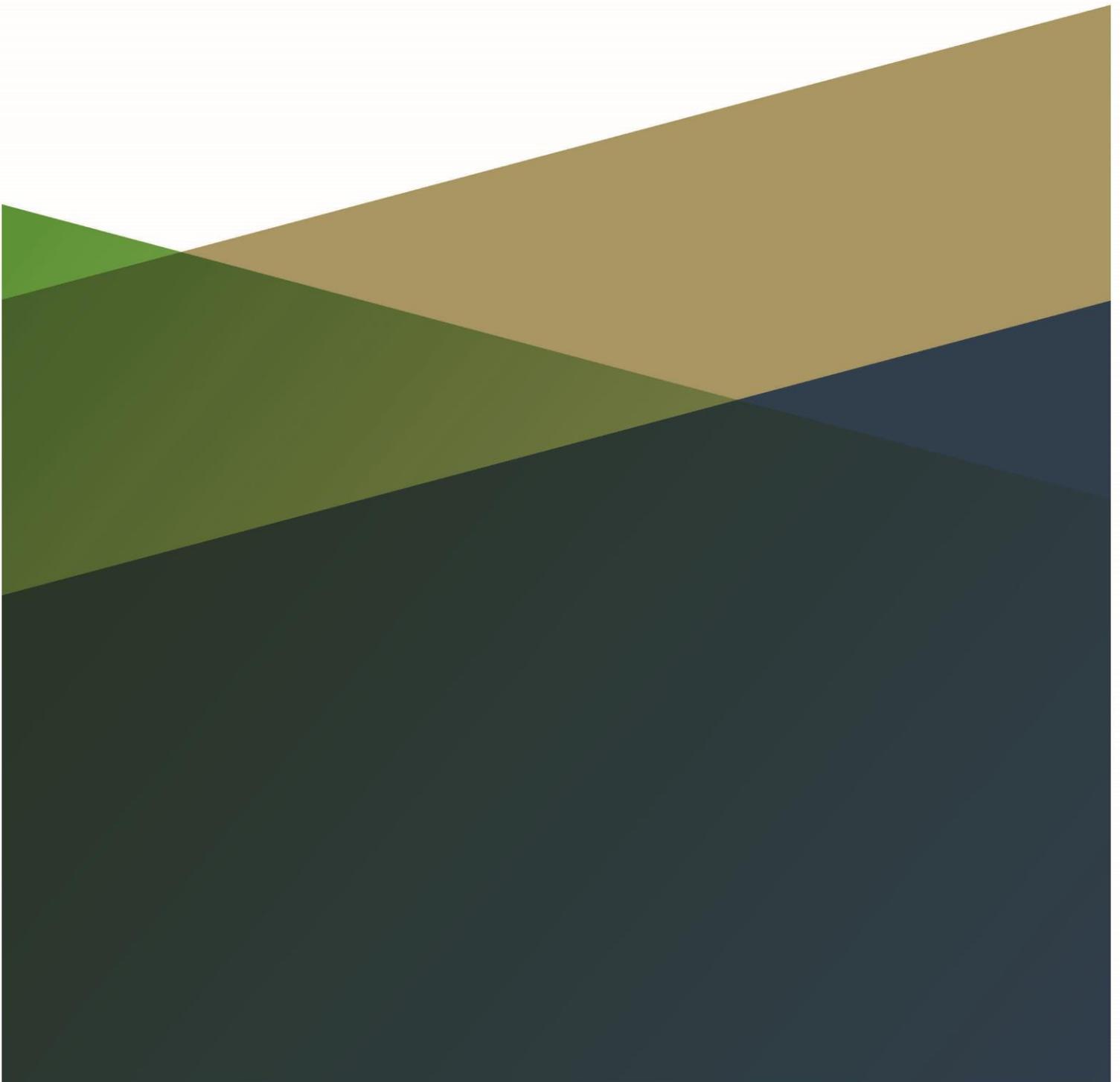


Rialtas na hÉireann
Government of Ireland

Energy Efficiency Directive

Article 7

High level decision June 2020



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Article 7 of the EU Energy Efficiency Directive (EED) requires Member States to achieve a certain amount of energy savings every year. It is up to each Member State to determine the policies they use to achieve this target. The 2012 Directive required Ireland to make energy savings every year from 2014 to 2020. In 2018 the EU amended the EED, introducing, amongst other matters, a further requirement for energy savings out to 2030.

Over the period 2014-2020 Ireland chose to implement an obligation scheme on energy suppliers and distributors, as well as a number of other measures to meet our target.

The obligation scheme has been successful in a number of ways. Between 2014 and 2019 the scheme has resulted in energy savings equivalent to the annual energy usage of over 220,000 homes, contributing 60% of Ireland's target under Article 7. A portion of the savings must also be achieved among lower income households, helping to alleviate energy poverty. The scheme has also driven uptake of energy efficiency measures among households and businesses, contributing to our overall energy and climate goals.

It is important to note that Article 7 is not the only provision providing for targets in the EED, but one of a series of requirements that contribute to the overall target for the EU of 32.5% efficiency by 2030. Ireland's overall energy efficiency target will be set in the forthcoming National Energy and Climate Plan.

Over the course of 2019 the Minister with assistance from the SEAI worked to identify the best approach for Ireland to take in meeting the new targets provided for in the amended Article 7. In considering the approach to be taken the Minister, with assistance from the SEAI, was informed by:

- Experience of what has worked in the 2014-2020 period in Ireland;
- Information on what has worked in the 2014-2020 period in other Member States;
- Independent analysis of the options set out in the Directive;
- Workshops with energy suppliers to gather their views.

Informed by the process above, the Minister held a public consultation seeking views in relation to a proposed approach for meeting our targets under the amended Article 7 out to 2030. This included whether or not to implement a new obligation scheme.

Following an analysis of all submissions received, the proposed approach was refined and finalised and a recommendation was made to the Minister. The Minister signed off on the high level approach in April 2020.

In order to provide certainty and to facilitate further open discussion on the design of the policies to be used, this Statement sets out three high level decisions that the Minister has made in relation to the implementation of the Directive. It has been decided that Ireland will:

1. **Follow the Commission's direct calculation methodology for calculating Ireland's Article 7 target;** Ireland's national target will be based on our final energy consumption as measured by Eurostat. The decision to use the direct calculation means that Ireland will not apply the flexibilities set out in the Directive in relation to how the target is calculated.
2. **Use a combination of an Energy Efficiency Obligation Scheme (EEOS) and Alternative Measures to meet our Article 7 target;** Obligated energy suppliers and distributors have proved to be effective partners in improving energy efficiency under the existing obligation scheme. The notification of a combination of an obligation scheme and alternative measures represents a continuation of the approach taken under the current Directive. Including both an obligation scheme and alternative measures in the implementation of Article 7 will allow Ireland the maximum flexibility over the 10 year period to 2030.
3. **Set the metric for the obligation scheme in final energy (with a transition period to be agreed during the design phase of the scheme).** This approach will ensure consistency between the overarching Article 7 target and the Obligation Scheme target. It will also encourage energy savings that also contribute to decarbonisation, in line with the Climate Action Plan.

Next steps

The process to date and these decisions represent important steps in implementing and transposing Article 7 of the EED. The Department will now complete the necessary further analysis and consultation that is required before a final position on the exact structure of the policies to be used is determined.

The second consultation, focusing on the design of the obligation scheme as well as some of the alternative measures to be used, is now being prepared.

Following the second consultation, final recommendations will be made to Government for the implementation of the EED 2018.
