



A Guide to the Energy Efficiency Directive, National Energy Efficiency Action Plan and PAYS

Energy Efficiency Directive

The Energy Efficiency Directive (EED) sets out the policy roadmap up to 2020 – it was adopted in 2012 and Member States must transpose it into national legislation by June 2014. The new legislation firmly places energy efficiency at the heart of the EU 2020 energy strategy – each Member State is obliged to publish (and regularly review) a National Energy Efficiency Action Plan.

The EED repeals the Cogeneration Directive (2004/8/EC) and the Energy End-Use Efficiency and Energy Services Directive (2006/32/EC).

This Directive establishes a common framework of measures for the promotion of energy efficiency within the Union in order to ensure the achievement of the Union's 2020 20 % headline target on energy efficiency and to pave the way for further energy efficiency improvements beyond that date.

This introduces binding measures on Member States, and includes an obligation on public bodies to procure products, services and buildings with high energy efficient performance; metering and billing information for consumers; the promotion of efficiency in heating and cooling; obligations on industry relating to energy audits and energy management systems, including an annual rate of renovation for central Government buildings of 3%; an inventory of central Government buildings with a total useful floor area over certain thresholds; and a common framework for national energy savings obligation schemes equivalent to annual energy savings of 1.5% of energy sales.

It lays down rules designed to remove barriers in the energy market and overcome market failures that impede efficiency in the supply and use of energy, and provides for the establishment of indicative national energy efficiency targets for 2020.

There are no binding targets in the directive but there are a number of binding measures.

Article	Description
Article 3	Indicative national energy efficiency targets for 2020 - based on either primary or final energy consumption, primary or final energy savings, or energy intensity.
Article 5	3% renovation of public buildings – Member States must ensure that 3% of the total floor area owned and occupied by central government is renovated each year in accordance with measures outlined in the recast energy performance of buildings Directive (2010/31/EU).
Article 6	Purchasing of high energy efficiency products, services and buildings by public bodies – public bodies should only purchase products, services and buildings with high energy efficiency characteristics.
Article 7	Energy efficiency obligation schemes - this requirement stipulates a cumulative end-use energy savings of 1,5 % of the annual energy sales from 2014 to 2020 to final customers 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.
Article 8	Energy audits and energy management systems – Member States are required to promote the availability to all final customers (householders, SMEs) of high quality, cost-effective energy audits.
Articles 9-11	Metering and informative billing - Member States must ensure that competitively priced individual meters to accurately reflect the final customer's actual energy consumption and that provide information on actual time of use. If customers do not have smart meters, accurate billing information based on actual consumption must be provided for by January 2014 when technically possible. Member States must ensure that final customers receive all their bills and billing information for energy consumption free of charge
Article 14	Promotion of Combined Heat & Power (CHP) and District Heating & Cooling - Member States shall carry out a comprehensive assessment of the potential for the application of high-efficiency cogeneration and efficient district heating and cooling by 31 December 2015.
Article 15	<p>Efficiencies in energy transmission and distribution - national energy regulatory authorities must adhere to energy efficiency regarding their decisions on the operation of the gas and electricity infrastructure. Incentives will be made available to grid operators to promote energy efficiency improvement measures in the context of the continuing deployment of smart grids. Tariffs must allow suppliers to improve consumer participation in system efficiency, including demand response, depending on national circumstances.</p> <p>In dispatching the generating installation, transmission/distribution system operators must (with the safety of grid borne in mind) guarantee the</p>

	transmission and distribution of electricity from high-efficiency cogeneration.
Article 16	Qualification, accreditation and certification schemes for energy service providers – National authorities must ensure accredited schemes provide transparency to consumers, and contribute to national energy efficiency objectives.
Articles 18 & 19	Promotion of energy services market and access for SMEs – promotion of the energy services market and access to SMEs by disseminating information on energy service contracts and grants/loans to support energy efficiency service projects. The public sector is envisioned as an exemplar in using energy service offers, especially for building refurbishment.
Article 24	Review and monitoring – Member States are required to report on the progress towards national energy efficiency targets on an annual basis.

National Energy Efficiency Action Plan 2

In response to the Directive, Ireland adopted its second [National Energy Efficiency Action Plan](#) in 2013 – building upon the foundations laid by the first plan and reaffirming the 20% energy savings target by 2020.

It reviewed the 90 actions outlined in the first action plan – and updated, amended and deleted as appropriate.

The actions are grouped under the following themes - public sector, the energy supply sector, the transport sector, the business sector, the residential sector, culminating in a cross-sectoral range of measures.

Some of the newly introduced key actions include the establishment of a national Energy Performance Contracting (EPC) process to deliver innovative financial models of retrofitting and financing of energy efficiency measures in both the commercial and public sectors. The Plan also includes a commitment for DCENR to lead an Energy Service Companies (ESCOs) Action Plan and to target potential stakeholders such as policymakers, market actors, potential customers and financiers.

Previous exchequer supports to incentivize domestic and non-domestic energy efficiency schemes (i.e. Better Energy Programme) will be replaced by a Pay-As-You-Save (PAYS) model. The PAYS concept is a financing mechanism that allows consumers to finance upgrades using money they would have spent on their energy bill.