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# EED recast and “Energy Efficiency 1<sup>st</sup>” principle

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# EED recast – Art 3, Energy Efficiency 1<sup>st</sup> principle



- Mandatory assessments of energy efficiency solutions above €100 million and €175 million for transport or non-energy sectors
- A set of principles are defined in the application of the EE1st principle
- Links with Governance Regulation - Inclusion in the National Energy and Climate Plans
- In practice EE1st principle is cross cutting
  - Art 7.1 (Public procurement)
  - Art 25.3 & 25.6 (Heating and cooling assessment and planning)
  - Art 27.1 & 27.2 (Energy transformation, transmission and distribution)

# A set of principles



Member States shall:

- a) promote and publish cost-benefit methodologies allowing a proper assessment of wider benefits deriving from energy efficiency solutions;
- b) address the impact on energy poverty;
- c) Identify an entity or entities responsible for monitoring the application of the principle; and
- d) report to the Commission as part of their NECP on how the principle was taken into account in the planning, policy and major investment decisions related to the national and regional energy systems.

# Link with Governance Regulation and reporting EE1st



- Article 3(5d) – Member States shall report to the Commission, as part of their integrated national energy and climate progress reports submitted pursuant to Article 17 of Regulation (EU) 2018/1999, on how the energy efficiency first principle was taken into account in the national and, where applicable, regional and local planning, policy and major investment decisions related to the national and regional energy systems including at least the following.
- 2023 Working Group document (March 2023) showed that Member States were still finding their way in how to interpret the Commission expectations on the provision of information – limited information was included in National Energy and Climate Plans
  - 30.6.2023 – draft NECP deadline. Commission assessment was: “It is important that the final updated NECPs are more explicit in detailing how Member States will implement this principle. The energy-efficiency-principle is reflected in several policy areas in Cyprus's draft updated NECP, while Greece, Spain, Lithuania, Luxembourg and Romania covered the principle at least in some policy areas in their draft updated NECPs. At the same time, several draft plans did not mention the principle in any form.”



- Article 3 (6) by 11 April 2024, the Commission shall adopt guidelines providing a **common general framework** including **supervision**, the **monitoring and reporting procedure**, which Member States may use to design the **cost benefit methodologies** referred to in paragraph 5, point (a), for the purpose of comparability, while leaving the possibility for Member States to adapt to national and local circumstances.
- Guidance is eagerly awaited by Member States
- NECP - deadline for submission of updated plans 30<sup>th</sup> June 2024

# CA EED and the Energy efficiency 1<sup>st</sup> principle



- All work done on EE1st precedes current legislation
- 2019 – info session on EE1st in 2018 revision of the EED, included in Governance Regulation and EED recital
- 2023 - WG2.1, Energy Efficiency 1<sup>st</sup> and EED in practice, March 2023
  - Examples of EE1st application from:
    - Italy
    - Ireland
    - France
    - Regio1st – LIFE project looking at regional application of EE1st
    - ENERFIRST – HORIZON project focusing on buildings and their energy supply (especially the power sector and district heating). The project combined policy analysis and quantitative assessments about the implementation of EE1st with a process of continuous exchange with stakeholders.

# W2.1 Working Group revealed



MS struggle with implementation of EE1st despite Commission recommendation (EU 2021/1749), the working group revealed that the areas of concern included:

- the principle and its scope remain unclear
- implementation requirements in practice
- monitoring and follow up requirements and possibilities in practice
- lack of real cases and good practices and experiences from other countries
- complexity of required cost-benefit analyses and quantification of multiple benefits
- how in practice EE1st can be enforced outside the public sector – including lack of administrative mechanisms and lack of knowledge and motivation in companies
- integration of the EE1st principle in an existing policy framework with a main focus on CO2-reductions
- increase in administration burden for member state administrations and other actors

# Where Member States were in 2023



- Of the 26 MS that responded to the CA EED questionnaire on EE1st in practice:
  - 4 showed to have incorporated EE1st in national legal provisions (Energy Law, National Act, utilities regulation)
  - 6 included dedicated provisions in their NECPs
- At local and regional level 6 MS reported having specific measures in place
- Private sector measures focusing on awareness raising had been put in place by 3 MS





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**Thank you for your attention**