Energy Efficiency Coordination Group

REEP Plus: Ecodesign in Montenegro

22 November 2017, Vienna
Assignment Overview

Objective:

To transpose the next tranche of priority product regulations for Ecodesign for which the technical and market conditions in Montenegro are best suited and net benefits are most attractive.

The assignment will also support the implementation of the selected regulations through the training of appropriate government organisations for market monitoring and compliance.
Legal framework in Montenegro

- **Legal basis for eco design Law on Efficient Use of Energy:**
  - Requirement that products meet eco-design requirements (Art. 48),
  - Requirement for market surveillance (Art. 52).

- In addition horizontal Law on technical requirements and conformity assessment prescribes obligation for economy operators (producers, importers, suppliers, dealers).
Eco design rulebooks

Beside Rulebook on eco-design of energy related products which transpose requirement of the main eco design directive 2009/125/EC MoE are adopted regulations for 3 groups of products:

- Rulebook on the eco design requirements of non-directional household lamps (O.G of Montenegro, No. 38/17)
- Rulebook on the eco design requirements of fluorescent lamps without integrated ballast, for high intensity discharge lamps, and for ballasts and luminaries for its operation (O.G of Montenegro, No. 38/17)
- Rulebook on the eco design requirements of electric motors (O.G of Montenegro, No. 38/17)
Assignment Phase 1 Tasks

- Stocktake of the status of transposition, a market readiness assessment and design of monitoring, verification and enforcement (MVE) protocols
  - **Task 1**: Project inception and selection of shortlist of 10 product types
  - **Task 2**: Market readiness assessment of short-listed products and selection of up to 5 products for developing Ecodesign regulations
  - **Task 3**: Monitoring, verification and enforcement protocols design (initial – to be refined in Phase 2)
Assignment Phase 2 Tasks

- **Drafting of regulations and MVE roll-out support will follow in a subsequent assignment**
  
  - **Task 4:** Drafting of Priority Regulations
    - Refrigerators
    - Directional lighting
    - RAC and fans
    - Standby modes
    - Water heaters
  
  - **Task 5:** MVE roll-out support
Key considerations of impact assessment

- Most products imported → **low impact on domestic producers**
- 8 electricity consuming product groups account for estimated **61% of residential electricity consumption**
- 1 non-electricity product (solid-fuel space heaters) account for **84% of non-electrical residential energy consumption**
- Primary energy savings estimate for 2030 from ecodesign/energy labelling (550 GWh) represents **5.2% of 2015 energy consumption**
- **Payback period <2 years** for half of product groups
- 4 of the selected products account for **~92% of total potential electricity savings** (standby included as a cross-cutting regulation)
MVE support

- **Protocols** developed cover:
  - Legal basis to document
  - Inspection protocols for energy labelling and eco-design:
    - In shops
    - Importers/distributors
    - Internet sales
    - Advertisements
    - Document inspections and training
  - Enforcement measures
  - Reporting of compliance results
  - Summary of document requirements and obligations of entities

- **Training** planned to focus on products where inefficient models have high market penetration and high energy use
Energy Efficiency Coordination Group

REEP Plus: Article 7 in Serbia

22 November 2017, Vienna
Background - Transposition of Article 7

- **Must adopt an EEO scheme**
  - Unless alternative measures are selected, or both

- **Obligated parties are selected**
  - Energy distributors and/or sales companies – key decision
  - Can include electricity, gas, DH and transport retailers

- **Cumulative end-use energy savings target by end-2020**
  - New savings equivalent to 0.7%/annum of reference quantity (2013-2015)
  - Cumulative savings of 7% by 2020 but exclusions apply…

- Obligated parties may exclude transport from calculation of reference quantity

- Further reductions up to maximum of 25% may be applied through:
  - **Slow start**: 0.5% and 2017 and 2018 = 20% reduction
  - **Savings in supply, transformation and distribution**: as per Articles 14 and 15
  - **Count early savings**: achieved since 31 December 2008
Example target calculation

- Target is calculated as equivalent annual savings but set as an absolute cumulative figure.

Cumulative total is 7x equivalent annual new savings

Assumes a linear build

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2017 installations = 2018 installations = 2019 installations = 2020 installations
Assignment Overview

Objectives:

- To assist in finalising Serbia’s plan for meeting its Article 7 obligations
- Supporting the **drafting of the notification** for the Energy Community Secretariat
- Providing legal, technical, policy and capacity building support required to enable an EEO (or EE Fund) schemes’ **successful implementation** in Serbia
Assignment Phase 1 Tasks

- **Policy identification**
  - **Task 1A**: Status review of policy position:
    - Calculation of Article 7 target
    - 3rd NEEAP appraisal for eligible measures
    - Initial proposed policy mix
  - **Task 1B**: Finalisation of policy position:
    - Workshop on proposals
    - Article 7 notification
  - **Task 1C**: Gap Analysis and ToR for Phase 2 (scheme implementation)
Assignment Phase 2 Tasks

- **Scheme implementation**
  - **Task 2A:** scheme design finalisation
    - Defining auditing procedures
    - Quality assurance requirements
    - Legal drafting
  - **Task 2B:** Supporting documentation
    - Guidance document on scheme operation and rules
    - Technical guidance on M&V procedures and QA standards
    - Other scheme tools such as a deemed energy savings list, calculation tools, pro forma templates for claims
  - **Task 2C:** Capacity building support
    - Hosting of dissemination workshops
    - Development of a staffing plan
    - Training of administrative staff
Approach to work

- **Top-down targets**
  - Basis of calculation for Article 7
  - Based on 2013-15 Energy Balance data for Serbia

- **Long-list of measures from 3rd NEEAP**
  - Current and planned measures
  - Use bottom-up calculation methodologies

- **Linking of measures to targets**
  - Addressing double-counting and eligibility for Article 7 ➔ Necessary detail may be missing

- **Policy design for fulfilling gaps**
  - Based on current plans:
    - Regulatory: eco-design and energy management system
    - Financial: EE Fund and/or EEO
Bridging the gap – initial findings

- **Draw on ongoing initiatives:**
  - Already almost 1 year into target period
  - Early savings matter most → leverage what is happening now

- **Ecodesign is not an obligation for EnC8:**
  - Savings would therefore be considered additional (assumed eligible for Article 7)
  - Initial results suggest Ecodesign could be a major driver in Serbia

- **Two further sources of major savings:**
  - Energy Management System (EMS) regulation – acts like an EEO for large consumers → initial results suggest largest contribution to target
  - EE Fund/EEO (with efficient interface) use to fulfil remaining contribution
    - But late commencement limits size of contribution