



Report on legal aspects of energy efficiency in the textile industry – Europe

Overview of the European and national legal aspects addressing energy efficiency and which are of interest for the Textile Industry.

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Table of Contents

Disclaimer	3
Acknowledgments	3
About SET	4
1 Overview- Legal Aspects in Europe	5
1.1 Energy Efficiency Directive	5
1.2 Energy Efficiency Plan 2011.....	7
1.3 Europe 2020: Energy Efficiency	7
1.4 2030 Framework for Climate and Energy Policies.....	8
Outlook and Conclusions.....	11
References – Europe	12



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Legal and or official documentation released at EU level or the national legislation shall be consulted.

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About SET

SET, Save Energy in Textile SMEs, is a collaborative project launched to enable the European textile SMEs to improve their energy efficiency, achieving tangible and countable economic and resource-efficiency benefits.

More information on SET can be found on the official website www.euratex.eu/set

The SET project is a part of Energy Made-to-Measure information campaign running until 2016 to empower over 300 textile & clothing companies, notably SMEs, to become more energy efficient.



Quick updates can be also found in the Energy Made-to-Measure group on **LinkedIn**.



1 Overview- Legal Aspects in Europe

1.1 Energy Efficiency Directive

Energy Efficiency Directive brings forward legally binding measures to step up Member States' efforts to use energy more efficiently at all stages of the energy chain. Measures include the legal obligation to establish energy efficiency obligations schemes or policy measures in all Member States. Other measures include an exemplary role to be played by the public sector and a right for consumers to know how much energy they consume. The Directive entered into force on 4 December 2012. Most of its provisions have to be implemented by the Member States by 5 June 2014.

An effective common framework

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.

All EU-28 countries are thus required to use energy more efficiently at all stages of the energy chain – from the transformation of energy and its distribution to its final consumption. The Directive is aimed to help remove barriers 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.

Measures include:

The legal definition and quantification of the EU energy efficiency target as the "Union's 2020 energy consumption of no more than 1 474 Mtoe primary energy or no more than 1 078 Mtoe of final energy". With the accession of Croatia the target was revised to "1 483 Mtoe primary energy or no more than 1 086 Mtoe of final energy".

The obligation on each Member State to set an indicative national energy efficiency target in the form they prefer (e.g. primary/final savings, intensity, consumption) and, by 30 April 2013, to notify it together with its 'translation' in terms of an absolute level of primary energy consumption and final energy consumption in 2020.

The obligation on Member States to achieve certain amount of final energy savings over the obligation period (01 January 2014 – 31 December 2020) by using energy efficiency obligations schemes or other targeted policy measures to drive energy efficiency improvements in households, industries and transport sectors;

- Major energy savings for consumers: easy and free-of-charge access to data on real-time and historical energy consumption through more accurate individual metering will now empower consumers to better manage their energy consumption.



- The obligation for large enterprises to carry out an energy audit at least every four years, with a first energy audit at the latest by 5 December 2015. Incentives for SMEs to undergo energy audits to help them identify the potential for reduced energy consumption.
- Public sector to lead by example by renovating 3% of buildings owned and occupied by the central governments starting from 01 January 2014 and by including energy efficiency considerations in public procurement – insofar as certain conditions are met (e.g. cost-effectiveness, economic feasibility) – so as to purchase energy efficient buildings, products and services.
- Efficiency in energy generation: monitoring of efficiency levels of new energy generation capacities, national assessments for co-generation and district heating potential and measures for its uptake to be developed by 31 December 2015, including recovery of waste heat, demand side resources to be encouraged.

EU countries may also implement alternative policy measures which reduce final energy consumption. These measures could include:

- energy or CO2 taxes
- financial incentives that lead to an increased use of energy efficient technology
- regulations or voluntary agreements that lead to the increased use of energy efficient technology
- energy labelling schemes beyond those that are already mandatory under EU law
- training and education, including energy advisory programmes

Schemes and alternative measures by country can be found at the European Commission

All Member States have notified the Commission of their national indicative energy efficiency targets pursuant to Article 3 of the Directive in time. All Member States complied with this requirement and the information notified is publicly available [1].

Member States had to notify by 5 December 2013 their plans, proposed measures and detailed methodologies for the implementation of Article 7 and Annex V of the Energy Efficiency Directive [2]. By 30 April 2014 and every three years thereafter Member States will have to submit their National Energy Efficiency Action Plans (NEEAPs) to the Commission. NEEAPs set out estimated energy consumption, planned energy efficiency measures and the improvements individual EU countries expect to achieve. They must also provide annual reports.

In order to support Member States in their transposition and implementation efforts, the Commission adopted on 6 November 2013 a Communication [3] and seven guidance notes covering nine articles of the Energy Efficiency Directive. The Communication and the guidance notes aim to explain in more detail how the Directive should be read and can be best applied, in the Commission services' view.



1.2 Energy Efficiency Plan 2011

On 8 March 2011, the EC adopted the Communication Energy Efficiency Plan 2011 [4] for saving more energy through concrete measures. Energy efficiency is considered a key component of European energy policy. It therefore constitutes one of the cornerstones of the European Union's 2020 strategy. This Plan proposes several directions for a transition towards a more efficient economy as regards the use of energy resources.

The set of measures proposed aims at creating substantial benefits for households, businesses and public authorities: it should transform our daily lives and generate financial savings of up to €1000 per household every year. It should improve the EU's industrial competitiveness with a potential for the creation of up to 2 million jobs.

The Energy Efficiency Plan 2011 forms part of the European Union's 20% target (aimed at reducing primary energy consumption) and the 2020 Energy strategy.

It aims at:

- promoting an economy that respects the planet's resources
- implementing a low carbon system
- improving the EU's energy independence
- strengthening security of energy supply

In order to meet these objectives, the European Commission proposes to act at different levels.

The Commission wishes to encourage new production capacity and infrastructures to replace old equipment. These new infrastructures must comply with the requirements of the Directive on the emission allowance trading scheme and the Directive on industrial emissions. It is also crucial to introduce a scheme for the effective recovery of heat losses from electricity and industrial production, and to valorise cogeneration.

The Commission also proposes to create instruments, which allow financial value to be attributed to energy savings and link profits of utilities (suppliers and distributors) to energy efficiency and not to the volume of energy delivered. Lastly, the Plan provides for increased energy efficiency in industry, particularly in European small and medium-sized enterprises (SMEs). Regular energy audits should become mandatory [5].

1.3 Europe 2020: Energy Efficiency

Europe 2020 is the European Union's ten-year growth and jobs strategy that was launched in 2010. It is about more than just overcoming the crisis from which our



economies are now gradually recovering. It is also about addressing the shortcomings of our growth model and creating the conditions for a smart, sustainable and inclusive growth.

Member States have made a commitment to reduce consumption of primary energy by 20% by 2020. The Commission has adopted an Action Plan aimed at implementing effective measures to achieve this goal. The Action Plan includes measures to improve the energy performance of products, buildings and services, to improve the yield of energy production and distribution, to reduce the impact of transport on energy consumption, to facilitate financing and investments in the sector, to encourage and consolidate rational energy consumption behaviour and to step up international action on energy efficiency [6].

The European Commission Communication "A policy framework for climate and energy in the period from 2020 to 2030" provides an overview of the Key achievements of the current energy and climate policy framework. The energy intensity of the EU economy has reduced by 24% between 1995 and 2011 whilst the improvement by industry was about 30%. Energy efficiency progress was observed across all sectors; however, only six Member States have at that moment notified full transposition of the Directive [7]. Based on an analysis of Member State actions and additional forecasts, the Commission now estimates that the EU will achieve energy savings of around 18-19% in 2020.

Communication's Chapter 2.3 is devoted to energy efficiency 'In some sectors, such as industry and passenger vehicles, the improvements observed in recent years will have to continue (...) The EU needs to continue to complement national efforts with ambitious EU-wide energy efficiency standards for appliances, equipment, buildings and CO2 standards for vehicles. Making use of the economies of scale of the internal market, this can benefit EU manufacturers and help them to maintain technological leadership [8].

1.4 2030 Framework for Climate and Energy Policies

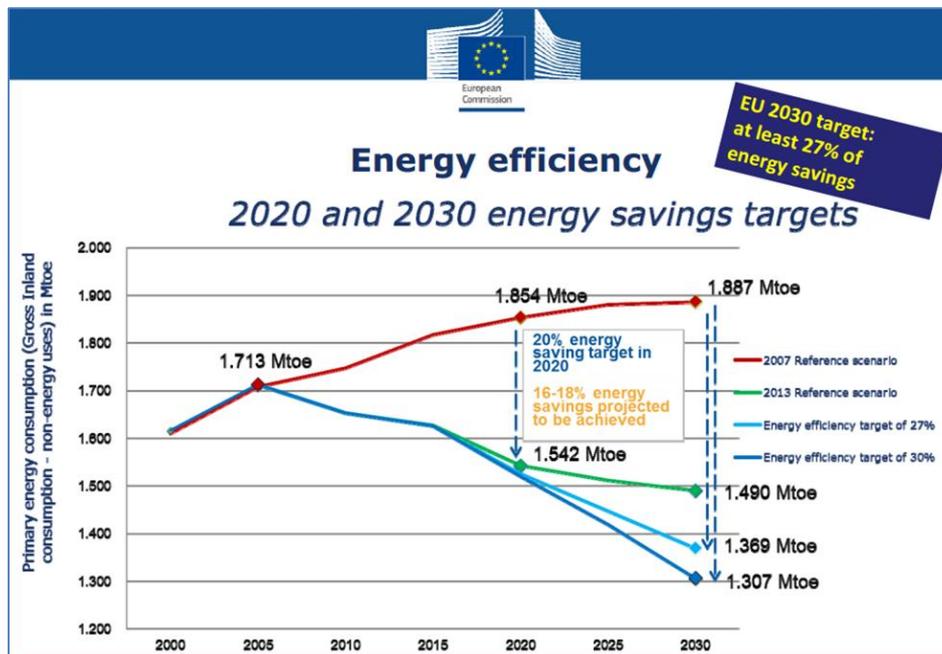
On 24 October 2014 the European Council approved the 2030 Framework for Climate and Energy [9], proposed by the European Commission with objectives to be met by 2030:

- a binding EU target of at least **40% reduction of greenhouse gas emissions** by 2030, compared to 1990;
- a binding target of at least **27% of renewable energy** used at EU level;



- an **energy efficiency increase of at least 27%**, to be reviewed by 2020 having in mind an EU level of 30% for 2030;
- the completion of the **internal energy market** by reaching an electricity interconnection target of 15% between Members States and pushing forward important infrastructure projects.

While the EU is making good progress towards meeting its climate and energy targets for 2020, an integrated policy framework for the period up to 2030 is needed to ensure regulatory certainty for investors and a coordinated approach among Member States. The framework presented will drive continued progress towards a low-carbon economy. It aims to build a competitive and secure energy system that ensures affordable energy for all consumers, increases the security of the EU's energy supplies, reduces our dependence on energy imports and creates new opportunities for growth and jobs. The European Commission proposed a 30% energy savings target for 2030, following a review of the Energy Efficiency Directive. The proposed target builds on the achievements already reached: new buildings use half the energy they did in the 1980s and industry is about 19% less energy intensive than in 2001. The European Council, however, endorsed an indicative target of 27% to be reviewed in 2020 having in mind a 30% target. The headline result is that Europe has agreed to cut greenhouse gas emissions by “at least 40%” by 2030, relative to 1990, with that target to be revisited after UN climate talks in Paris in December 2015. About half of the 40% target will be delivered by the EU Emission Trading Scheme (ETS), which remains “the main European instrument” on climate change. Importantly, the summit’s conclusions reference a “reformed ETS with an instrument to stabilize the market”. This is the first solid indication that all leaders back a proposed Market Stability Reserve (MSR), which would mandate officials to add or remove carbon allowances from the EU ETS according to pre-set rules. This would let the system absorb economic shifts and the effects of intersecting policies such as renewables targets, without crashing the carbon price [10].



Slide from Presentation ‘2030 framework for climate and energy policies’ [11]



Outlook and Conclusions

Energy efficiency is in the heart of the EU energy policy. The EU is aiming for a 20% cut in Europe's annual primary energy consumption by 2020. This target is established by Energy Efficiency Directive that brings forward legally binding measures to step up Member States' efforts to use energy more efficiently at all stages of the energy chain.

EU leaders set renewables and energy efficiency targets of “at least 27%” for 2030. The efficiency target is “indicative, to be reviewed by 2020 “having in mind an EU level of 30%.” In the meantime, the Commission will propose priority sectors in which significant energy efficiency gains can be reaped and how to address them at EU level. Leaders are very clear: these efficiency and renewable targets “will not be translated into nationally binding targets.”

Energy Efficiency Directive tables down legally binding measures for Member States to use energy more efficiently at all stages of the energy chain. The measures include the legal requirement to establish energy efficiency obligations schemes or policy measures in all Member States. The European Commission is monitorign the implementation of the Energy Efficiency Directive and envisages the revision of the Directive.



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