



**EFIEES**

# EFIEES' Vision for 2024-2029



**IT'S TIME TO DELIVER ON EU ENERGY AND CLIMATE COMMITMENTS!**



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**EFIEES is the voice of private energy service companies (ESCOs) and their national associations across Europe. Our members represent over 100.000 professionals committed to the design and implementation of energy efficiency measures in public and private buildings, industrial facilities, as well as to the efficient operation of district heating & cooling networks.**



# EFIEES' Vision for 2024-2029



## IT'S TIME TO DELIVER ON EU ENERGY AND CLIMATE COMMITMENTS!

Lately, the European institutions have put forward an unprecedented package of proposals and updates of climate and energy laws. The EU Green Deal, along with the Fit for 55 Package completed by REPower EU, has set more ambitious 2030 targets than ever and created additional new tools in order to reach them. **After several years of very intense legislative work, transposition and implementation will be crucial for this legislature.**

Whilst setting 2040 targets will be necessary to make sure that the EU will remain on track to meet its 2050 climate neutrality objective, reaching the already and newly set 2030 targets must remain a top priority.

**In this context we call on European legislators to prioritise the following key actions in their agenda of discussions:**

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# 1 Make Energy Efficiency First more than a principle

The EU Green Deal and notably the recast of the Energy Efficiency Directive (EED) have formally recognised and enshrined the **Energy Efficiency First (EE1st) principle** within the EU law.

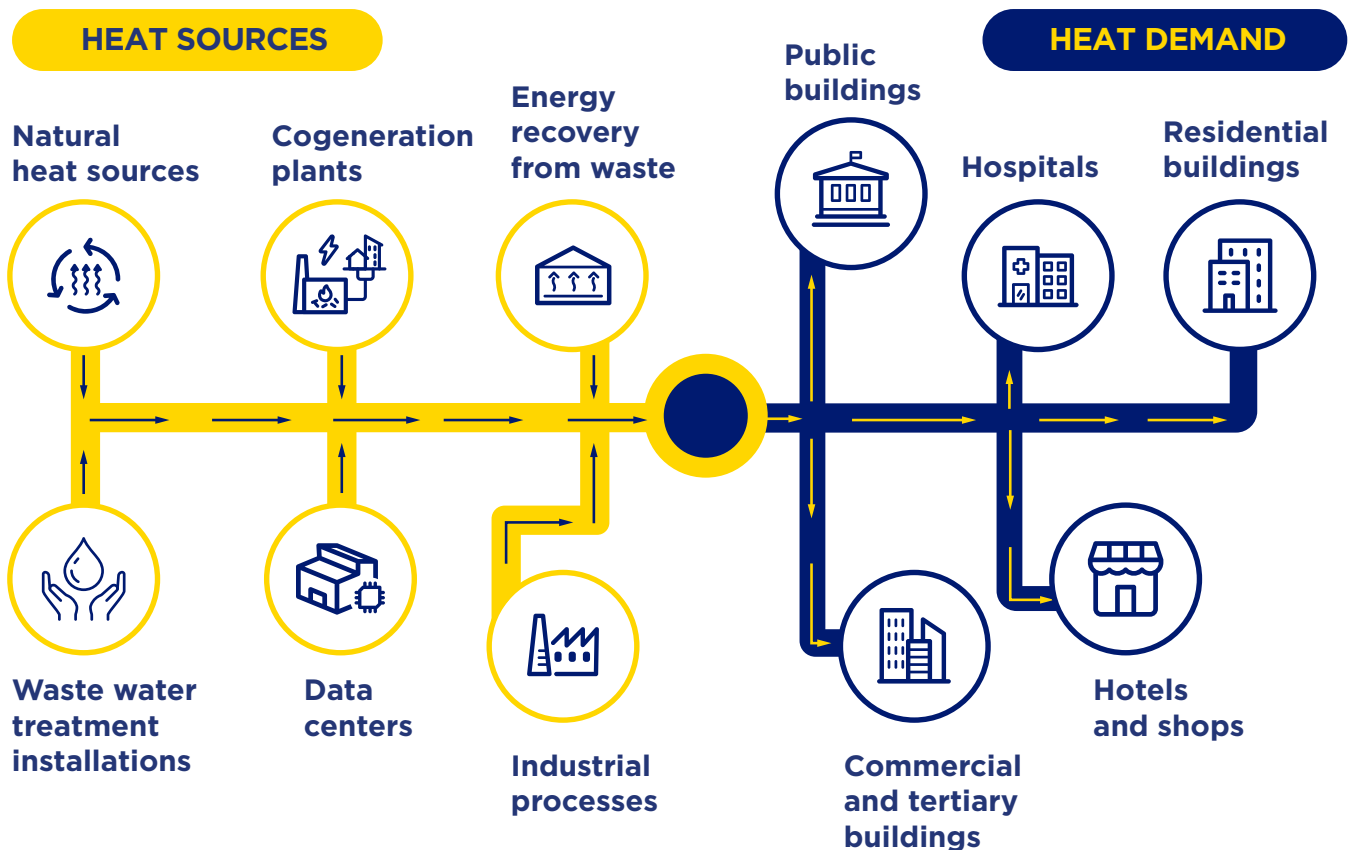
**In order to reach EU climate and energy targets, the implementation of this principle must now not be overlooked, as energy efficiency measures and renewables uptake go hand in hand.**

If we want to **ensure that this principle is effectively and concretely implemented**, we need to consider energy efficiency along the whole value chain to harvest the full potential of the EU energy system. In that respect, when comparing solutions and calculating energy consumption, especially for heating & cooling solutions, **primary energy should also remain a reference.**

In this sense, it is and will also be crucial to **prioritise the reduction of energy demand**, as a prerequisite to any switch to renewable energy sources. Energy efficiency must be the starting point of any renewables policy and project. This notably means guaranteeing a continuous and greater support to the use of **waste heat**.

Figure 1

Heat sources and demand, ©EFIEES



## 2 Boost the decarbonisation of the heating & cooling sector through district approach and local planning

In 2021, over 67% of the gross heat generated in the EU was still from non-renewable fuels<sup>[1]</sup>. **While the important role of heating and cooling in the energy transition has been acknowledged by the EU Green Deal, decarbonising this sector still needs to be made a higher priority in the coming years, to cost-effectively reach our energy and climate targets.**

To make this transition happen, all the thermal solutions have a role to play **as there is and will be no one-size-fits-all solution**. European regulations already recognise the benefits of **a district approach** but **the local dimension of heating and cooling has to be better taken into account** in future EU and national strategies. District level planning indeed makes it possible to choose energy solutions on the basis of the merit order at local level. It also ensures resilience of local systems, while allowing to better manage energy peak loads.

1. Source: Eurostat, April 2023

Thus, when implementing the Fit for 55 package, emphasis should be put on **local planning** and on tackling the lack of knowledge among the public and local actors concerning district solutions. In this respect, more work has to be done on making available reliable data on local energy resources, while making sure **Energy Service Companies (ESCOs) are involved**.

In that sense, an even **better recognition of the role of ESCOs is needed**, as they have **the skills to initiate and actively participate in energy communities while being able to propose guaranteed performance through energy management solutions** such as Energy Performance Contracting (EnPC).

Last, with regards to the district approach, Efficient District Heating and Cooling (EDHC) systems will continue to greatly contribute to the decarbonisation of the sector. It will thus also be crucial to foster integrated local energy plans which fully harness EDHC systems' potential.



# 3 Prioritise actual performance by fostering the development of Energy Performance Contracting

To achieve an effective decarbonisation of European buildings and industry, it is and will be of utmost importance to focus on instruments that **guarantee results over time**.

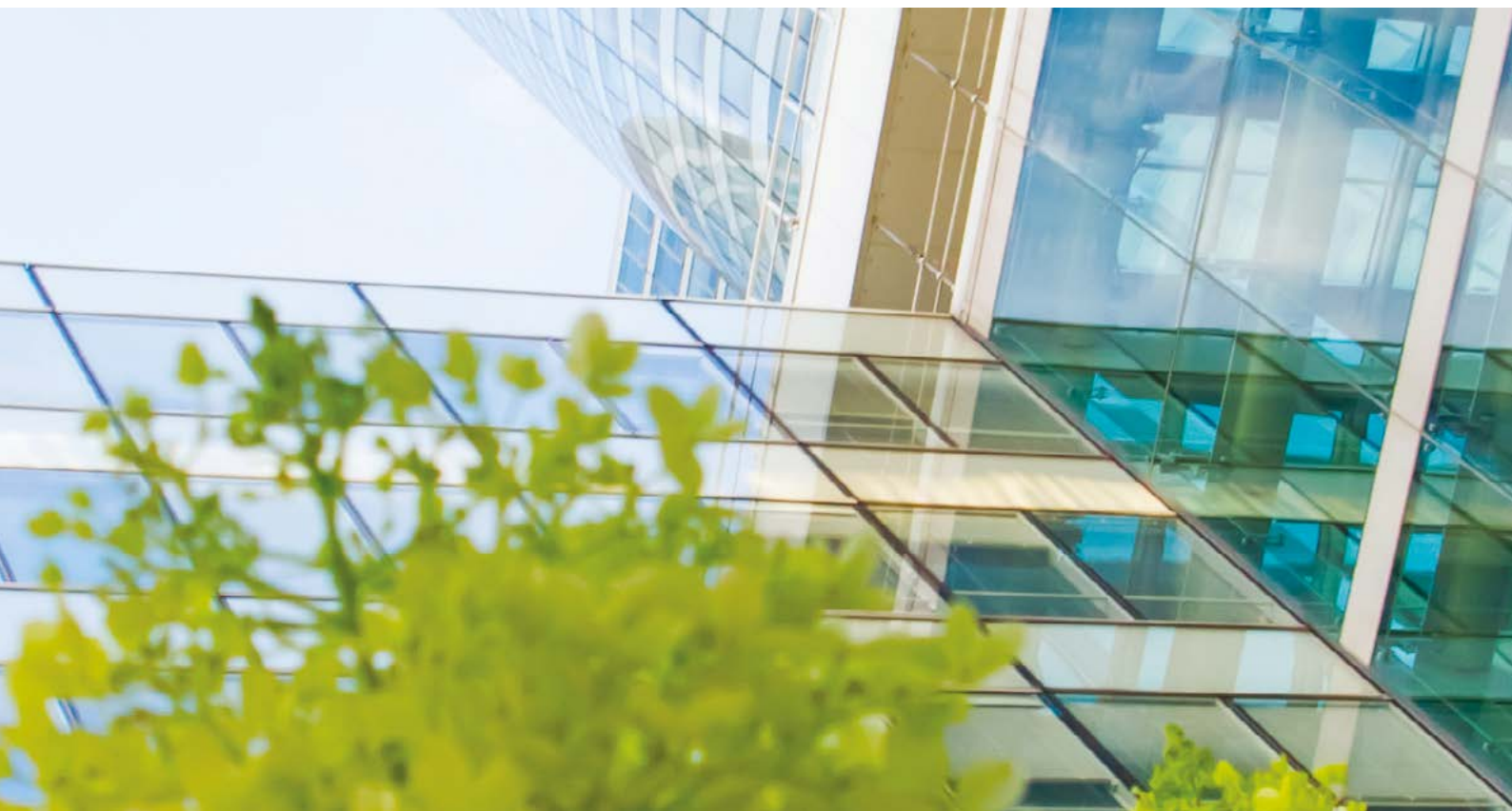
**More than a financing solution, energy management solutions such as Energy Performance Contracting (EnPC) should be regarded as the preferred option to accompany buildings' renovations and industrial decarbonisation projects.**

These solutions should indeed be viewed as a tool that enables energy management projects.

Negotiations to revise the Energy Efficiency Directive (EED) and the Energy Performance of Buildings Directive (EPBD), were an opportunity to better recognise the role of EnPCs in the energy transition. This should now be prolonged by some **reflections on how to mainstream**

**contracts with energy and CO<sub>2</sub> performance commitments** within upcoming EU legislative work. For instance, the implementation of the new ETS II covering buildings, or the review of State Aids rules can be a good opportunity **to further promote energy management solutions**. Public support should indeed grant a bonus in the intensity for projects based on **guaranteed** energy performance.

The main barrier to Energy Performance Contracts' uptake is their perceived complexity. In the coming years, to tackle this barrier and make sure that EU fully harnesses EnPCs' potential, it will be **crucial to support contractual innovation**. This innovation will be both about the scope of EnPCs and their structure. Indeed, Energy Performance Contracts can also cover CO<sub>2</sub> emissions thus becoming Energy and Carbon Performance Contracts (EnCPC), making them an even more important tool to support the energy transition. Hence, it is of utmost importance to strengthen the communication about their benefits and support their simplification where relevant.



## 4 Foster energy sufficiency & tackle energy scarcity

**When implementing the Fit for 55 Package, it will be even more important than before to work on citizens and users' behaviour, notably through energy management solutions and energy coaching.**

This effort will dovetail with a general need for **energy sufficiency** in order to boost energy efficiency and support the uptake of renewables. In the coming years, energy sufficiency thus has to become a key guiding principle and should be further recognised and included in European policies, with, once again, a focus on guaranteeing energy performance over time.

Moreover, some challenges already identified when working on 2030 objectives will indeed be very relevant during the implementation of the new and revised European laws and will require a **continuous focus on just transition and energy poverty**. Some mechanisms like the Social Climate Fund have already been put in place to protect vulnerable households and citizens from the energy crisis and from likely consequences of the new energy policies. Yet, these mechanisms will have to be assessed and could have to be adapted in the near future. However, the appropriate level for regulation and action, as regards energy poverty, remains the national level.



## 5 Overcome the skill shortage hurdle

According to the European Commission, labour shortages doubled between 2015 and 2021 in key sectors and jobs related to the green transition<sup>[1]</sup>. The current skills-gap faced for the twin transition (green and digital), will most likely still be very relevant in the coming years. Thus, **it is and will be crucial to support the transfer of skills from other sectors, including non-renewable sectors, to renewable technologies, alongside measures related to education and training.**

The green transition could indeed create up to 1 million additional jobs in the EU by 2030<sup>[2]</sup>. As Member States are facing common barriers related to this issue, the European Union can support them in tackling this skills-gap, by

fostering the dialogue and exchange of best practices. Across Europe, many green jobs and careers are still misjudged and disregarded. It will thus be key to better communicate, at EU and national level, about their benefits and ensure that they are sufficiently valued and acknowledged. Further support on the ground to students' and professionals' mobility across Europe can contribute to make these careers more attractive.

1. *Green Deal Industrial Plan - Plugging the Skill Gap - European Commission, February 2023*

2. *ibid.*



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