



Updates on energy efficiency in the EU, including on the Energy Efficiency First Principle

34th Energy Efficiency Coordination Group Meeting
14 March 2024

Energy Efficiency Unit, DG ENER
European Commission



Main elements of the EED revision (2023)

Binding and increased EU energy efficiency target & indicative national contributions

'Energy Efficiency First' Principle – making it an integral part of policy and investment decisions

Strengthened energy savings obligation in end-use

Stronger exemplary role of public sector

Increased focus on alleviating energy poverty and consumer empowerment

Article 3: Energy Efficiency First Principle

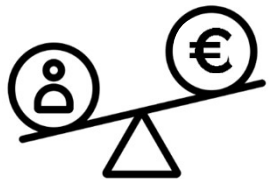


Apply EE1st in **planning, policy and major investment decisions*** in energy systems & non-energy sectors with significant impact on energy consumption

* more than €100 million each and €175 million for transport infrastructure



Monitor the application of EE1st (identify a monitoring entity or entities)



Promote and apply **cost-benefit methodologies** (wider benefits of energy efficiency, societal perspective)



Definition: Energy Efficiency First Principle

Governance Regulation, Article 2(18):

Taking utmost account in energy planning, policy and investment decisions, of
alternative cost-efficient energy efficiency measures

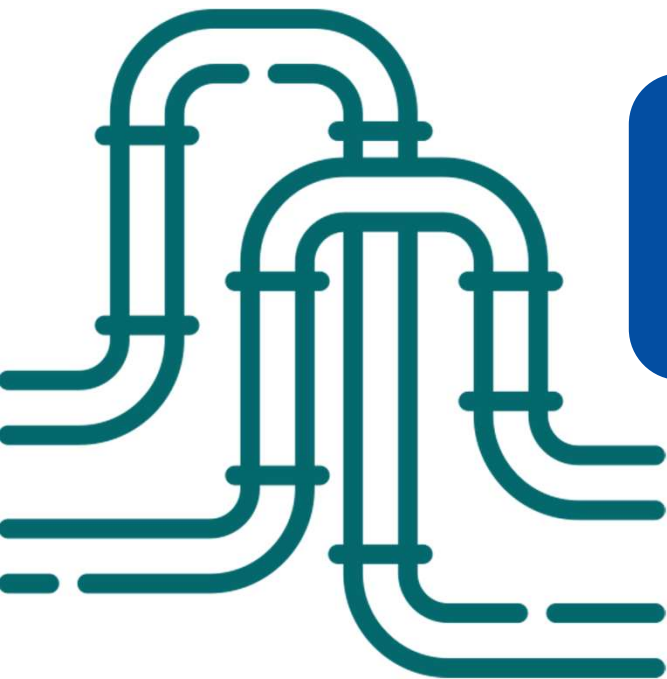
to make energy demand and energy supply more efficient, by means of:

- cost-effective end-use energy savings
- demand response initiatives and
- more efficient conversion, transmission and distribution of energy

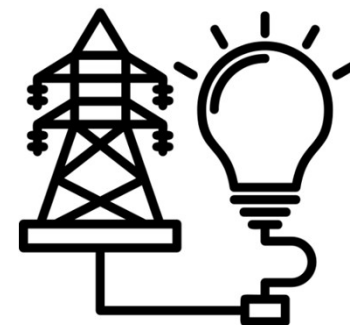
whilst still achieving the objectives of those decisions.

Article 27: Energy transformation, transmission & distribution

NRAs and gas and electricity transmission and distribution system operators to apply the **energy efficiency first principle** in network planning, network development and investment decisions



Assess alternatives in a **cost-benefit analysis** and take into account the **wider benefits** of energy efficiency solutions, demand-side flexibility and investment into assets that contribute to climate change mitigation



Monitor and quantify the overall volume of **network losses** and optimise networks and improve network efficiency

Recommendation and Guidelines on EE1st (2021)

- The guidelines explain how different aspects of the principle should be considered in policy, planning and investment decisions and consist of the 3 following parts:
 1. Interpretation of the [definition of the EE1st](#) principle from the Governance Regulation
 2. How the EE1st principle should fit in the [decision-making process](#): assessment of alternatives, their impacts and costs and benefits in the decision-making process
 3. Guidelines on areas to be looked at in sectors and policy areas: [energy markets, energy supply and distribution, industry, buildings, transport, water, ICT and financial sector](#).

[Concrete examples](#) of measures to be applied and present [four real-life examples](#) of the application of the decision-making tool developed in the study showing how specific players should apply the EE1st principle at various stages of a planning or investment decision in the specific sector:

- Planning demand response
- Transmission and distribution network planning
- District heating planning
- Local transport planning



EEFIG Working Group and Report on EE1st

- The Energy Efficiency Financial Institutions Group (EEFIG) served as a **platform for cooperation with financial institutions** on energy efficiency.
- Published in 2023, report on *Applying the Energy Efficiency First principle in sustainable finance*. [Working Group – Applying the Energy Efficiency First Principle in Sustainable Finance - European Commission \(europa.eu\)](https://ec.europa.eu/euipo/ee1st/)
- Main recommendations to public policy-makers:
 - Strengthen obligations on reporting and disclosure processes on energy efficiency
 - Better recognise energy efficiency within loan and green bond regulations
 - Strengthen link between electricity market reform and energy efficiency
 - Facilitate access to energy use data for building owners and lenders
 - Support drafting and dissemination of guides for financial institutions' boards, on how to position the energy efficiency first principle in key sectors

Next steps on EE1st

- Recommendation and guidance on transposition and implementation of Article 3 of EED recast (Q2 2024)
- Guidelines on CBA methodologies for EE1st (April 2024)
- Sector-specific Guidelines as a follow-up to Guidelines from 2021 (Q4 2024)
 - energy-sector guidelines (application of requirements of Article 27 EED recast)
 - two end-use sectors with the highest potential for EE1st application
 - taking into account the recommendations from the Citizens' Panel on Energy Efficiency

Citizens' Panel on energy efficiency

- Following the [Conference on the Future of Europe](#) in 2021-2022, the President of the European Commission, Ursula von der Leyen, announced more Citizens' Panels to consult randomly selected citizens on key EU issues
- The European Commission is currently organising a [Citizens' Panel on energy efficiency](#)
- Participants: **150 randomly selected citizens** from all 27 EU Member States
- The Panel's final recommendations will feed into a policy initiative to be adopted by the European Commission later in 2024: Recommendation on the "Energy Efficiency First" principle



Three sessions:

- Session 1: 23-25 February 2024 (onsite in Brussels, Belgium)
- Session 2: 15-17 March 2024 (online via a video conference tool)
- Session 3: 12-14 April 2024 (onsite in Brussels, Belgium)

[Citizens' Engagement Platform - European Commission \(europa.eu\)](https://europa.eu)



Thank you!

[Energy efficiency first principle \(europa.eu\)](https://europa.eu)

[Recommendation and Guidelines on EE1st: EUR-Lex - 32021H1749 - EN - EUR-Lex \(europa.eu\)](https://eur-lex.europa.eu/lexuri/ui.do?uri=COMREG%3A32021H1749)

Q&A