

## Position Paper

### Improving energy audits, completing the energy efficiency union

CEOC International and IFIA, representing the testing, inspection and certification industry in Europe and worldwide, acknowledge the important progresses that have been made since the adoption of the Energy Efficiency Directive (2012/27). In a political context where important actors outside the EU are questioning an ambitious climate policy, the EU should take the lead and strive for high international standards in terms of energy efficiency. On that regard, CEOC International and IFIA consider the Energy Efficiency Directive as a very forward looking and constructive piece of legislation. However, implementation in the different Member States is inconsistent and guidance is urgently needed in order for the Directive to unfold its full potential. In the context of the review of the Directive, for which a draft was tabled in November 2016, CEOC International and IFIA would therefore like to share their experience on the implementation of the Directive in the different Member States.

#### A fragmented EU-market for energy efficiency audits

CEOC International and IFIA welcome the ambition of the European Commission of strengthening the internal market in the energy sector. Energy efficiency audits, as they are defined in Article 8 of the Directive, can be one of the pillars of a powerful Energy Efficiency Union. In this context, CEOC International and IFIA would firstly like to highlight the added value of third-party assessment and auditing, as it is the most cost-efficient and impartial manner of evaluation of energy efficiency performance. Systematically and neutrally assessing the energy efficiency performance of companies in the EU will contribute to the EU's ambitious goals in terms of energy savings.

However, the way in which the Directive is currently being implemented prevents energy efficiency audits from playing this important role. The implementation of provisions on the authorisation to carry out energy audits has been leading to a national fragmentation of audit services and in some cases to a distortion of competition. For instance, some Member States authorise legal entities as such to carry out audits, whereas others accredit persons as auditors.

Some Member States have been going beyond the common requirements and have been creating additional national requirements or exemptions which prevent audit services providers from operating at a European scale and, for instance, from sending teams of auditors from one Member State to another. This prevents the Energy Efficiency Union from unfolding its full potential and the effectiveness of the policy to be measured.

The international standard EN 16247-1 was systematically referenced as in the directive which was very helpful to provide general guidance. However, the specific approach for buildings, industry or transportation (16247-2, -3 and -4) varied greatly at national implementation level.

The definition of SME's in the implementation of the directive differs in many countries to the recommended definition in 2003/361/CE. For example, a group of small companies belonging to the same mother company may be below the thresholds although considering the mother company would have included them in the scope of application of the article 8.

The requirement on the total scope (in terms of energy consumption) to be covered by on-site energy audits (usually 80% to 90% of the total energy consumption of the large company) was also subject to variations in national requirements.

In the case of a portfolio of similar assets, the allowed sampling of sites to be selected for on-site energy audit varied greatly from country to country – from strict guidelines to a complete absence of guidance. This also induced complexity on the implementation of the obligations and on the understanding of results.

Some national guidelines allowed for exemptions based on local regulations, adding to the variation in application between countries and discrepancy of results.

The deadline for implementing the energy audits in 2015 was pushed back in a majority of Member States – in some cases up to 18 months – leading to difficulties for large companies to plan EU wide programs and should be harmonized for

2019. At the same time, companies that have a certified energy management system according to the ISO 50001 standard are exempt from the energy audit obligation. This certification can be carried out by any duly accredited certification body across the European Union.

The implementation of penalties for companies not complying with the obligation of energy audits, and the verification by Member States that these obligations were carried out also varied greatly.

On a practical level, the method of reporting to the authorities on the completion of the obligation varied greatly. In some cases, no reporting was required and companies could be subject to random audits, and in other cases specific on-line portals were set-up for this purpose.

### **Proposals for an energy efficiency union**

CEOC International and IFIA call upon the decision-makers to take the following elements into consideration:

- Providers of auditing services are missing guidance and consistency on the implementation of the Directive when it comes to the requirements for auditors. For the short term, we therefore call on the Commission to provide for EU-scale guidance in order for the market of energy efficiency services to play its role in reaching the EU's energy efficiency goals.
- There is a lack of guidance in regard to the approach for energy audit in different sectors of tertiary buildings, industrial sites and transportation energy audits. We recommend the Directive include guidance on this point.
- Ideally, requirements for energy auditors as defined by Article 8 should be harmonised in order to create a level-playing field. For future legislative review, the long-term objective for the creation of an Energy Union in the field of energy efficiency audits should be a common requirement for energy auditors across the European Union. International standards, such as EN 16247-1 and EN 16247-5, should be scaled-up and promoted. This might be very ambitious, but should remain the final aim of any provision on energy efficiency audits.
- As long as this is not the case, energy auditors who are authorized to perform energy audits in one Member State should be allowed to perform energy audits in another Member State, so that audit service providers can take better advantage of the European Single Market. The mutual recognition of professional qualifications could be applied to energy auditors.
- The definition of Small & Middle size companies as stated in article 2 (26) should be clarified. It would be even more efficient to define clearly and positively the Large Companies submitted to the requirement of energy audits.
- The scope of energy consumption that must be subject to on-site audit and the guidance on allowed sampling strategies must be harmonized with EU level guidelines. The EU should consider specifying the audit requirements regarding proportionality and representativity.
- The directive should give guidance and limitations on the cases when the large companies can be exempt from the obligation to carry out the energy audit.
- The directive should provide guidelines on how the member states request companies to report the completion and the results of the energy audits.
- The directive should give guidelines regarding the penalties that should be applied to companies who do not carry out their obligations. Guidelines are also needed on how the member states verify and publish the results of the implementation of the energy audit campaigns.
- The directive should include obligations for the public sector to carry out energy audits on their activity, similar to the obligation for large companies.

- Instead of reconsidering the requirements for each segment and service, it would be much more efficient and consistent to apply the approach chosen for accreditation and certification under ISO 50001 to the whole range of labelling, auditing and certification services in the field of energy efficiency.

### **Improvements in evaluation and exemptions are needed**

It is necessary to clarify the provisions linked to the independence and neutrality of auditors. Both in-house and external auditors must be free of any conflict of interest. It should especially not be possible for companies active in specific commercial activities (such as heating services) to offer audits. This is threatening the impartiality and neutrality of audits, and especially the results and conclusions of energy audits. And can therefore greatly reduce the effectiveness of these energy audits.

Exemptions for small and medium enterprises in terms of obligations to carry out audits are legitimate and justified (Article 8, Paragraph 4). Energy audits must not become an unnecessary burden for small undertakings having energy consumption too limited to be really impacted. Still, we consider it reasonable and well-balanced to encourage SMEs to undergo energy efficiency audits through the adoption of fiscal benefits programmes, as stated in Article 8, Paragraph 2 of the current Directive.