



**CONCERTED ACTION
ENERGY EFFICIENCY
DIRECTIVE**

Measuring energy savings from energy taxes

Executive Summary Report 8.3a

**Tsvetomira Kulevska, Sustainable Energy Development Agency, Bulgaria
Alice Vieillefosse, French Ministry of Energy and Sustainable Development,
France
Gregor Thenius, Austrian Energy Agency, Austria**

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1 Summary

Energy and CO₂ taxes are seen as an important trigger to reduce energy consumption and incentivise more efficient use of energy.

Article 7 of the Energy Efficiency Directive (EED) requires Member States to set up an energy efficiency obligation scheme for energy suppliers and/or distributors that achieves yearly savings of 1.5% of the annual energy sales to final customers. As an alternative, Member States can implement other policy measures that lead to the same amount of savings as an obligation scheme. Member States can also use a combination of energy efficiency obligation schemes and other policy measures to reach the target. The technical requirements of Article 7 are defined in Annex V of the EED. The examples of acceptable alternative measures mentioned in Article 7 (9) of the EED include energy and CO₂ taxes that have the effect of reducing end-use energy consumption.

By 5th December 2013, Member States had to notify the European Commission of the measures they plan to use for the implementation of Article 7 and the detailed methodology for implementation of their energy efficiency obligation scheme and/or alternative measures and/or the energy efficiency fund.

This report summarises Member States' plans to report savings from the application of energy and CO₂ taxes for the implementation of Article 7 of the EED.

10 Member States out of 26 Member States that responded to a questionnaire are planning to calculate savings from energy taxes for Article 7 implementation. Additional countries are not ruling out the possibility of reporting savings from energy and CO₂ taxes, even though this measure was not part of their 5th December 2013 notification report.



The main reasons for not using energy and/or CO₂ taxes in the Article 7 notification report are:

- Lack of concrete methodologies for calculating energy savings;
- Lack of political agreement and/or political restrictions;
- To avoid imposing additional taxes on consumers or increases in energy prices;
- To avoid the risk of double counting or overlap with other measures.

2 Conclusions

From the research done among the Member States, it became apparent that the main challenge concerning the use of energy and CO₂ taxes for Article 7 implementation is the development of a sound energy savings calculation methodology. However, there are some countries that have made progress with developing a calculation methodology. The Swedish methodology is an example of this (see “Practical Examples” below).

The main issues to take into account when calculating energy savings from energy taxes for Article 7 of the EED are:

- Excluding double counting of savings;
- Differentiating in the calculation between short and long-term effects (use appropriate price elasticities);
- Long term effects can only be partly taken into account as the obligation period for Article 7 only runs until 2020;
- Taking into consideration substitution effects between energy carriers due to tax/price increases;
- Inflation should be taken into account in the calculation.

3 Practical Examples

Sweden developed a methodology for calculating energy savings from energy taxes that will be used for implementing Article 7 of the EED. Sweden has a long tradition of using energy taxes as an instrument of energy efficiency policy and will exclusively use energy taxes to prove energy savings for Article 7.

Information on the Swedish approach can be found in the Annex of the Article 7 notification from 5th December 2013 of Sweden, available on DG ENER website:

http://ec.europa.eu/energy/efficiency/eed/doc/article7/2013_se_eed_article7_en.pdf.

The Swedish presentation from the CA EED Plenary meeting in Athens can be found on the CA EED website:

<http://www.esd-ca.eu/good-practices/member-state-presentations/energy-efficiency-and-obligation-schemes>

**For more information please email
gregor.thenius@energyagency.at**

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The Concerted Action for the Energy Efficiency Directive (CA EED) was launched by Intelligent Energy Europe (IEE) in spring 2013 to provide a structured framework for the exchange of information between the 29 Member States during their implementation of the Energy Efficiency Directive (EED).

For further information please visit www.eed-ca.eu or contact the CA EED Coordinator Lucinda Maclagan at lucinda.maclagan@rvo.nl



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