

D9: EED implementation in Portugal

In Portugal, EED implementation is the responsibility of the Ministry of Environment, Spatial Planning and Energy. This report reflects the status of EED implementation in January 2014.

Legal context

Portugal's second NEEAP for 2013-2016 was published by the Cabinet Resolution nº 20/2013, of 10th April, and provides a progress report on the energy savings targets implemented under current EU requirements as well as energy efficiency policy priorities. It reflects the new National Energy Strategy, aiming to fulfill Portugal 2020 targets.

The estimate of savings induced by the NEEAP is 1501 ktoe, corresponding to a reduction of energy consumption of approximately 8.2% relative to the average consumption in the period between 2001 and 2005, which approximates the indicative target set by the European Union of 9% energy savings by 2016.

The establishment of the time horizon of 2020 for the purpose of monitoring and controlling the estimated impact on the primary energy consumption allows to foresee in advance the fulfillment of the new targets set by the EU, the 20% reduction of primary energy consumption by 2020, as well as the goal assumed by the Government to reduce the primary energy consumption by 25% in 2020 and achieve energy savings equivalent to 30% of the energy consumption in public buildings by 2020. Based on the areas, programs and measures of the previous NEEAP, it covers six areas: Transport, Residential and Services, Industry, State, Agriculture and Behaviors. These areas add a total of 10 programs that integrate a range of measures to improve energy efficiency, oriented energy demand aimed at achieving the objectives.

Status of the implementation

Portugal is implementing its NEEAP and EED requirements.

The directive isn't transposed yet but we notified the Commission in due time regarding the reporting obligations in 2013, namely on articles 5 and 7.

These are the main measures under implementation:

- The **SGCIE** (Management System of Intensive Energy Consumption) was created by Decree-Law n.º 71/2008, is in force since June 2008 and comprises the modification of excise duties on oil and energy products (ISP) applied to industrial fuels establishing an incentive mechanism for GHG reduction; and the definition of a new RGCE – Management Regulation of Energy Consumption - in industry (that was in force since 1986). This system aims the promotion of energy efficiency and energy consumption monitoring in intensive energy facilities (consuming more than 500 toe/year) broadening the scope of RGCE application (1000 toe/year).

SGCIE imposes binding energy audits, with a 6-year periodicity, in intensive energy facilities with consumptions above 1000 toe/year. An 8-year periodicity energy audits is applied to facilities with energy consumptions comprised between 500 and 1000 toe/year.

Facilities operators are obliged to conduct an energy audit and elaborate an Energy Consumption Rationalization Plan (PREn), establishing targets for energy and carbon intensity and specific energy consumption and including the energy rationalization measures. They have to present this through a website (www.adene.pt/sgcie) to the Directorate General of Energy and Geology (DGEG) from the Ministry of Environment, Spatial Planning and Energy, as well as biennial execution and progress reports. Upon DGEG's approval (which is the competent authority that supervises and inspects SGCIE operation) the PREn become a Rationalization Agreement for Energy Consumption (ARCE), which gives to facilities operators excise duties exemption (ISP) on oil and energy products (coal, oil coke, fuel oil, oil gases, natural gas and electricity) and the possibility to apply for incentives on energy audit costs and on investments in energy management and monitoring equipments.

The monitoring of this system is made through the execution and progress reports that have to be present every 2 years. Penalties are foreseen for those who won't meet the targets.

Energy audits, Energy Consumption Rationalization Plans and biennial execution and progress reports have to be elaborated by auditors recognized by DGEG according to their academic education and professional experience. This is regulated in a specific legislation (Ordinance n.º 519/2008, of June 25th) and until the end of 2013 there are 492 auditors recognized.

Until the end of 2013 DGEG approved 779 Energy Consumption Rationalization Plans which became Rationalization Agreements for Energy Consumption (ARCEs).

The implementation of these ARCEs will lead to a reduction of 93.225 toe in energy consumption and 340.916 tCO₂ of GHG.

- The Directive on Energy Performance of Buildings allowed developing a legislative package in Portugal, which created a National System of Energy Certification and Indoor Air Quality in the Buildings, SCE, and revised building codes for residential and non-residential buildings.

By December 2013, more than 600,000 Energy Performance Certificates (EPCs) were issued on a web based central registration system (www.adene.pt/sce) that qualified experts must access and use to issue certificates, since the launching of the scheme in July 2007. About 80% of these EPCs took place after January 2009, for existing buildings, upon sale or rent.

The residential sector is more dynamic in certification, with about 90% of all certificates registered; while small services buildings (PES) hold 9% and large service buildings (GES) hold the remaining 1%.

In 2013 the legislation on building's energy efficiency was revised. Decree-Law n.º 118/2013, of 20th August, approved the System for Energy Certification of Buildings (SCE), which integrates the Regulation on the Energy Performance of Residential Buildings (REH) and the Regulation on the Energy Performance of Services Buildings (RECS). It transposes to national law Directive 2010/31/EU of the European Parliament and of the Council on the energy performance of buildings. In general, the requirements for new buildings were tightened, promoting efficient envelopes and introducing technical systems requirements. The contribution of renewable energy systems has also been detailed and stimulated.

It was introduced the obligation to include the energy performance label in all advertisements. This will bring important information for citizen's decision when they buy a house. In the Energy Performance Certificates, were introduced advices to users, concerning the replacement of boilers and AC units, other modifications to the heating and cooling systems, as well as, alternative solutions to assess the efficiency and appropriate sizing of the boiler or AC unit. This new system entered in force in December 2013.

This legislation review was supported by training sessions for energy efficiency experts and building designers.

- Energy Efficiency Program in Public Administration, Eco.AP, was launched in 2011 and is an evolving program that translates into a set of energy efficiency measures for implementation into services, agencies and public equipments aiming to change behaviors and promote the rational management of energy services, notably by hiring Energy Services Companies (ESCOs). Eco.AP aims to achieve a 30% improvement in energy efficiency in public services and bodies of Public Administration by 2020.

In this framework, Decree-Law N° 29/2011 establishes the legal regime for the formation and execution of energy performance contracts to be concluded between Public Administration and energy service companies, aiming the implementation of measures to improve energy efficiency in public buildings and equipment.

In 2012 was approved the Regulation of Qualification System of Energy Services Companies (SQESE) interested in participate in pre-contractual procedures relating to energy efficiency contracts with services and public administration bodies, establishing minimum requirements for technical and financial capacity, foreseen in two different levels.

In 2013 were published the specifications for procedures of energy performance contracts under Eco.AP. The type of specifications approved should be adopted by respective entities in all procedures for EPC launched under the Program, subject to the specificity of each pre-contractual procedure.

- The **Energy Efficiency Fund** aims to fund the programs and measures under the NEEAP with three main objectives: encourage efficiency by citizens and businesses, to support energy efficiency projects in areas where until now these projects had not yet been developed, and promote behaviour change in this area.

The Fund can support predominantly technology-oriented projects in transport, residential and services, industry and public sector; action-oriented cross-inducing energy efficiency in the areas of behaviour, taxation and incentives and financing; projects not covered by the NEEAP but which demonstrably contribute to energy efficiency.

Under this Fund, in 2012 and 2013 were open 5 calls for the development of projects and initiatives that promote energy efficiency in residential, industry and public sector:

- Residential - aiming to support solutions to optimize energy efficiency of existing multifamily residential buildings. The focus was on installation of solar collectors and thermal efficient windows, and energy certification of the buildings in which these measures are included. This calls were open to Energy Services Companies qualified under SQESE and suppliers of energy solutions;
- Industry - aiming to finance projects in installations which have a Rationalization Agreement for Energy Consumption (ARCE) under SGCIE, namely support for carrying out energy audits, and installation of systems for management and monitoring of energy consumption.
- Public Sector - to support measures inserted in the ECO.AP Program. The potential beneficiaries of this call were central government entities, including departments and agencies of the direct and indirect administration of the State,

public companies, universities, public companies, public foundations, public and private associations with a majority public capital.

In next March 3 more calls will be open, for the industry and transport sectors.

Additional efforts

- Under the Innovation Support Fund (**FAI**) in 2013 was open the call “Management Efficient Buildings” for allocation of financial incentives to pilot projects of energy performance contracts in private buildings. It aims to demonstrate the operation of management of energy efficiency contracts in private buildings with significant potential for savings and also replicated in the public sector.

- **PPEC** (Consumption Efficiency Promotion Plan) is a tender mechanism to promote efficiency on electricity consumption. It consists of a tender mechanism, by which eligible promoters submit candidate measures to improve efficiency in electricity consumption. PPEC aims to promote a more efficient behavior on electricity consumption and the adoption of more efficient equipment by consumers of electricity.

In the electricity PPEC incentives are awarded for the promotion of measures aimed at improving efficiency in electricity consumption through measures taken by suppliers, network operators and organizations that promote and protect the interests of electricity consumers, and which are aimed at consumers of different market segments. The actions result from specific measures proposed, subject to a selection tender, whose criteria are defined in the Rules for the Consumption Efficiency Promotion Plan, approved after a public consultation. This tender allows the selection of the best measures for energy efficiency to be implemented by the abovementioned promoters, taking into account the amount available in the PPEC annual budget which is approved at the start of each regulation period for each one of its years.

To PPEC 2013-2014 call, 207 measures were presented by 65 developers.

The social benefits achieved with the implementation of the approved measures (approximately 206 M€) are much higher than the costs (23 M€). The beneficial effects of measures implemented now will remain by 2034, representing about 2437 GWh of cumulative avoided consumption.

PPEC 2013-2014 approved 70 measures that are being implemented by 29 promoters.

Future planning

The NEEAP is in progress and we're working on the directive transposition.

Taking into perspective the fulfillment of goals and guidelines established in the NEEAP, SGCIE is being revised.

The new scheme will extend the scope of SGCIE aiming an increase of energy efficiency, involving a larger number of companies and facilities in the obligation scheme, strengthening the monitoring of energy consumption not only to the intensive energy consuming facilities (CIE), as well as other facilities not considered CIE.

It will provide a mechanism to monitor energy consumption of other facilities, including those covered by the Emissions Trading Scheme, and the ones having an annual consumption lower than 400 toe, without the requirement for achievement of goals.

Relevant information

More information regarding the situation in Portugal can be found at the following websites:

Directorate General of Energy and Geology: www.dgeg.pt

Energy Agency (ADENE): www.adene.pt

Energy Efficiency Fund: <http://fee.adene.pt/Paginas/default.aspx>

SGCIE (Management System of Intensive Energy Consumption): www.adene.pt/sgcie

System for Energy Certification of Buildings (SCE): www.adene.pt/sce