



“Fit for 55” Package III: Energy Efficiency Directive

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Executive summary

The Austrian Federal Chamber of Labour (AK) supports the new, ambitious **energy efficiency targets to be met by 2030**. However, AK calls for them to be binding not only at the EU level, but also at the Member States level. The reduction of energy consumption by 2030 will be difficult to achieve without binding targets at all levels.

The inclusion of the **“energy efficiency first” principle** in the legislation is an important step. However, for this principle to actually achieve a breakthrough, energy efficiency must be of key importance in all fields. In sectors with particularly high energy consumption such as transport, buildings and industry, potential energy savings should be given priority and be fully used.

The broader scope of **obligations for the public sector to renovate** should prioritise renovations of poorly refurbished buildings and buildings that are used to serve the public interest, such as education institutions or social housing, in order to generate multiple dividends, including social dividends.

The **national energy savings** based on final energy consumption are to be 0.8% until 2023 and to be increased from 2024 to 1.5% annually. However, according to the proposal, Member States will continue to be allowed to partially or fully exclude the sales of energy used in the transport sector – which accounts for almost 30% of CO₂ emissions across the EU – from the final energy consumption calculation. AK strongly opposes this exception.

For AK, **strengthening consumer rights** in the field of heating, cooling and domestic hot water supply is of crucial importance. The contractual minimum standards that customers are entitled to according to the Commission’s proposal are an important step. The mandatory establishment of out-of-court dispute settlement mechanisms is only effective if companies are obliged to submit to the proceedings. AK strongly opposes the fact that the proposal gives Member States a loophole to free companies from this obligation.

The proposal places particular importance on legislation aimed at **combating energy poverty**. AK expressly welcomes this legislation. Energy efficiency measures should be prioritised for people experiencing energy poverty, living in social housing or in need of protection. Expert networks are to be developed at national level for sustainable, long-term measures against energy poverty. Such networks essentially correspond to the **Energy and Climate Aid Fund**, for which AK has already presented an extensive concept at national level.

The Commission’s focus on the lack of skilled workers falls short. Instead, it is necessary to create **long-term prospects** for a **resilient labour market**. Decarbonisation measures should be designed to provide optimal support for labour market policy goals. This includes job guarantees, as well as a training and qualification campaign and a wide range of retraining and professional development schemes. The measures in the fields of labour market and education policy require sufficient funds and the development of an action plan to ensure a coordinated approach.

Efficiency criteria that provide for a progressive decarbonisation pathway for the period until 2050 are set out for **efficient district heating and cooling systems**. It should certainly be ensured that waste heat can still be fully used from all systems including gas-powered heat and power cogeneration systems, as long as they are still on the market. In AK’s opinion, the proposed time limit for use of waste heat from high-efficiency cogeneration systems until 2035 should therefore be removed.

The AK's position

“Fit for 55” package in general

AK supports the goal of EU-wide decarbonisation by 2050. The associated exit from fossil fuels will also lead to far-reaching economic and social change comparable to the Industrial Revolution. This process must be designed to be fair and in the interest of workers (“just transition”). Therefore, it is vital that, as far as possible, all measures are designed in such a way that they ensure high employment and a fair distribution of wealth. Otherwise, there is the risk that necessary changes will not be sufficiently supported by the population, resulting in failure to meet the climate targets. AK recognises that the Commission included the aspects of justice, distribution and employment when drawing up the “Fit for 55” package.

The “Fit for 55” package includes the [proposal to recast the Energy Efficiency Directive](#) with the goal to contribute to reducing greenhouse gas emissions by 55% compared to 1990. Energy consumption in the EU has to be reduced, as a binding target, by 36% by 2030 compared to 2007 based on final energy consumption and by 39% based on primary energy consumption. For the first time, the energy efficiency first principle has been laid down in legislation. The Commission thereby underlines that the energy efficiency first principle needs to be observed in all decisions and in all sectors. AK considers this to be a key step towards a breakthrough for energy efficiency and for a reduction of energy consumption. The Commission’s focus on increased efficiency and reduction in energy consumption lies on the transport sector and the public building stock.

However, the draft clearly shows that the Commission recognises the social dimension of the energy transition. Measures to mitigate energy poverty and strengthen consumer rights with respect to heating and cooling are extensively covered in the draft proposal. The availability of sufficient skilled workers is key to the success of the energy transition.

New efficiency criteria that set out a decarbonisation pathway for the period until 2050 are introduced for district heating and cooling systems. There are also new criteria for energy audits and energy management systems for companies.

Chapter I: The new and ambitious energy efficiency targets

Article 3: Energy efficiency first

AK expressly welcomes that the energy efficiency first principle has been introduced into a directive for the first time. Accordingly, the Member States are required to ensure observance of that principle in all political decisions and investments. These requirements apply to the energy sector, as well as to all other sectors that have an influence on energy consumption or energy efficiency. It is crucial that the priority of energy efficiency is observed in all sectors. The energy and climate targets can only be met if energy consumption is reduced in a sustainable manner. Increasing energy efficiency sustainably reduces energy consumption and hence also cuts energy costs. This helps energy-poor households, as well as energy-intensive companies, which as a result can boost their competitiveness. In sectors with particularly high energy consumption, such as transport, buildings and industry, the energy saving potential should therefore be given priority and be used to the full.

In the scope of their progress reports on the National Energy Climate Plan (NECP), Member States are required to report on how they put this principle into practice. However, it is also up to the Commission to leverage the energy efficiency first principle by precisely monitoring the effectiveness of the reported measures of the Member States and by promptly publishing the announced guidelines for interpretation and application of that principle and regularly adapting them to new findings.

Article 4: Energy efficiency targets – AK calls for binding targets also at the Member State level

Energy consumption in the EU should be reduced by 36% (787 Mtoe) by 2030 compared to 2007 based on final energy consumption and by 39% (1,023 Mtoe) based on primary energy consumption. AK welcomes the fact that the present proposal provides for a binding EU-wide target, expressed in the form of an absolute savings target, measured in primary and final energy. This is of key importance because rebound effects can only be avoided by means of absolute target values. Otherwise, improvements in energy efficiency would be counteracted by increased energy consumption.

The energy efficiency targets at the Member States level remain to be set only on a non-binding basis. Member States are only required to collectively ensure the reduction of their energy consumption in 2030 by at least 9% compared to 2020. For this purpose, Member States are required to establish a trajectory and indicative national energy efficiency target, based on a prescribed formula, and to announce it in their National Energy and Climate Plan (NECP). AK regrets that the Commission has yielded to political pressure from Member States here. Only if binding energy efficiency targets are laid down at all levels, there is a chance of reducing energy consumption by 2030 – so within just a few years – to the planned and necessary degree.

Chapter II: Exemplary role of the public sector

Article 5: Extended energy savings obligation for the public sector

The public sector is required to reduce its final energy consumption by at least 1.7% each year. This obligation applies to all public services and public bodies, both at national level and at regional and municipal level. AK welcomes this reinforcement of the exemplary role of the public sector, but expressly points out that public bodies at municipal level require particular support - including financial support - to achieve the goal.

Article 6: Broader scope of renovation obligations for the public sector

The renovation rate shall be at least 3% per year and it applies to all buildings with a total useful floor area exceeding 250 m² that are owned or used by public

bodies. This obligation extends to all administrative levels, including healthcare, education and social housing.

In AK's view, the focus of renovations in the public sector should be on inefficient buildings, as well as on buildings that are especially of public interest, such as social housing, hospitals, youth homes, old people's homes and education institutions, i.e. institutions whose clients and residents would profit from renovations in a targeted way. This ensures more efficient use of public funds and the generation of multiple dividends, including social dividends. To ensure financing, a golden rule for investment must be established so that member states can make climate-relevant and social investments without breaking EU fiscal rules.

From AK's point of view, the publicly accessible list of public buildings which is proposed in this article, should also contain relevant building parameters such as the age, size, usage type and location (urban or rural). Targeted renovation could be carried out on this basis, including taking into account public interests.

In the field of non-profit and municipal housing, it should be ensured that the costs of renovation do not lead to a massive increase in costs of accommodation or rents. Housing must remain affordable. This applies in particular to social housing. Financial support measures need to be put in place for cases of social hardship.

Chapter III: Increasing energy efficiency

Article 8: Increase in the energy savings obligation

Until 2023 the annual final energy savings obligation is 0.8% (based on the average of the period between 2017 and 2019). After that, the target until 2030 will be 1.5% (based on the average of the period between 2018 and 2020). In AK's view, these adjustments at the national level are necessary to achieve the higher energy efficiency targets set for 2030.

These targets can be achieved through an energy efficiency obligation scheme; through alternative, strategic measures; a combination of both elements; or through payment into a national energy efficiency fund for financing energy efficiency measures and programmes. In AK's view, energy efficiency schemes that oblige energy providers to take energy efficiency measures are far more effective than schemes based on voluntary or

strategic measures. The focus should therefore be on binding schemes.

However, AK strongly opposes the fact that Member States are still being allowed to partially or fully exclude energy sales used in the transport sector from the final energy consumption calculation. As a result of the exclusion, the basis for calculating the level of the national savings target is reduced considerably and the national target attainment is watered down. The transport sector is one of the highest consumers of energy in all Member States and is responsible for almost 30% of CO₂ emissions across the EU.

AK approves the Commission's stronger focus on combating energy poverty. Member States are intended to use their schemes to meet the national, annual energy savings obligation by prioritising the performance of energy efficiency measures for vulnerable consumers, people experiencing energy poverty and, where applicable, people living in social housing. To eliminate negative impact on vulnerable groups, public funds have to be used optimally, which includes monitoring the use of revenues from ETS certificates. In addition, Member States are required to report the share of energy savings that is to be achieved in the segment of low-income households. This proportion must at least correspond to the rate of energy-poor households calculated in the National Energy and Climate Plan (NECP). If this value is not specified, the calculation is made on the basis of prescribed indicators. For Austria, this formula shows an energy poverty rate of 3.2%.

Article 9: Energy efficiency obligation scheme

AK welcomes the fact that Member States, in the scope of their national energy efficiency obligation scheme, can require obligated parties, such as energy suppliers, retail energy sales companies and now also transmission system operators, to carry out energy efficiency measures that prioritise energy-poor, low-income households. Here, a proportion of energy savings that has to be achieved among these vulnerable groups can be specified. The obligated parties are required to report on energy savings and progress achieved in this customer segment annually. Through these provisions, the Commission underlines the fact that energy poverty is regarded as a key energy policy issue in the EU.

According to Annex 5, energy savings cannot be taken into account if they involve fossil combustion technologies. AK views this as a necessary step to avoid lock-in effects in the case of long-lasting fossil technologies. Measures that come under the [EU](#)

[ETS Directive](#) are likewise not recognised as savings measures under the present draft directive. Here, it is expressly pointed out that this prohibition on taking such measures into account also covers the fields of transport and buildings. However, for reasons of distribution policy, AK opposes to include these two sectors into the ETS system.

AK approves the tighter rules with respect to taking energy savings into account in the case of strategic measures, voluntary agreements and renewable energy sources. For recognition as an energy savings measure, proof must be provided that the taken measure actually led to energy savings, since in the case of strategic measures, such as those involving taxation, the calculated savings are often far higher than the savings that are actually generated.

Article 11: Energy management systems and energy audits

In AK's opinion, the threshold for the introduction of an energy management system for companies with annual energy consumption of over 100 TJ or 27.8 GWh (based on the last three years) is too high. The use of certified energy management systems should be mandatory from a lower consumption threshold. This also applies to energy audits, which are only used from a threshold of 10 TJ or 2.7 GWh. The energy efficiency potential is very high in the case of medium-sized companies in particular. AK therefore recommends that lower thresholds are established.

Chapter IV: Strengthening consumer rights and combating energy poverty

Article 20: Basic contractual rights for heating, cooling and domestic hot water

Strengthening consumer rights with regard to heating (as well as cooling and domestic hot water) is one of AK's key demands. Especially in the case of multi-storey housing, it can be observed that there arise [complicated and opaque contractual relationships](#): End customers do not know exactly who their energy supplier is or how high their energy costs actually are. This is due to the outsourcing of these services to third parties, such as contractors. Furthermore, when complaints arise the customers often do not receive any information about who they can turn to. AK highlighted these problems in a detailed [report](#) (2017). Therefore, AK welcomes the basic minimum standards to be set out in contracts as proposed by the Commission. These include, in particular,

information on consumer rights, the handling of complaints, and out-of-court dispute settlement. In addition, there is a ban on discrimination with respect to the use of payment methods, including prepayment meters.

In AK's view, Member States should be required to report in their progress reports to their National Energy and Climate Plan (NECP) on the measures they have taken to implement these consumer protection rules. The creation of effective, transparent legal protection for customers of heating, cooling and domestic hot water is key to increasing the renewable share in buildings.

Article 21: Information and awareness-raising

In AK's view, information campaigns and awareness-raising programmes make sense if they convey comprehensive content such as energy efficiency measures, financial support and legal framework conditions. It is critical for communication to be targeted and for its effectiveness to be monitored regularly. In the case of consumers in particular, there is a risk that they are overwhelmed by information but still poorly informed ("overnewsed but underinformed").

AK therefore believes that it is essential to establish a single contact point (one-stop shop) tasked with comprehensively informing final consumers about technical, legal and financial questions concerning energy efficiency, including renovation and renewable energy. In addition, Member States are required to establish a single point of contact to give consumers comprehensive information about their rights, opportunities for legal enforcement, and dispute settlement mechanisms. However, in AK's view, these two bodies should be merged. An institutional separation between legal information and legal advice does not seem expedient. A single point of contact means that consumers can receive all the information relevant to them from one place in a convenient manner. Such a one-stop shop should certainly be equipped with sufficient human and financial resources.

Under this draft Directive, Member States are required to establish independent out-of-court dispute settlement mechanisms to provide consumers with simple, fair and effective access to resolution of their legal disputes. Enterprises are required to submit to that procedure. In AK's view, this mandatory participation of undertakings is crucial to achieve a breakthrough for out-of-court arbitration. The proposed possibilities for Member States to deviate

from this obligation should therefore be removed without fail. In addition, Member States shall ensure that the alternative dispute resolution entities have sufficient expertise and resources since the clarification of legal questions in connection with heating, cooling and domestic hot water supply is generally very complex and time-consuming. In most Member States, primarily the national regulatory authorities (NRAs) have the necessary resources to do this.

Furthermore, this draft requires Member States to identify potential obstructions to the implementation of energy efficiency measures in multi-storey housing. This concerns the core area of housing law, which serves to protect tenants and homeowners. In the case of possible amendments to the legal framework, particular attention should therefore be paid to maintaining the level of protection for tenants. AK therefore expressly welcomes the involvement of social partners and consumer protection organisations in drawing up the relevant proposals, as proposed in the draft directive.

Article 22: Empowering and protecting vulnerable customers and alleviating energy poverty

In addition to the existing regulations for vulnerable customers in the electricity and gas internal market directives, Member States are required to define a concept for vulnerable end users. This is intended to alleviate negative distributional effects suffered by vulnerable customers due to energy efficiency improvement measures using various financing instruments and other policies and measures, such as taxation. AK views support for low-income, energy-poor households in managing the energy transition and recognition of the social challenges as a matter of central importance. Everything possible should be done to avoid a "two-class energy society".

In this context, AK welcomes and supports the proposal in the draft directive that requires Member States to establish national expert networks for combating energy poverty in a sustainable manner. These networks are to be composed of people with wide-ranging expertise and should assist both national and local decision-makers in the development and implementation of measures to combat acute energy poverty but also through making proposals for long-term solutions. Such an expert network essentially corresponds to the Energy and Climate Aid Fund called for by AK and for which it has already presented an extensive concept at the national level.

AK therefore proposes that Member States are required to report on the implementation of the expert network and effectiveness of the measures to combat energy poverty in a sustainable manner as part of their progress reports on the NECP, also with the aim of presenting successful concepts to other Member States.

Chapter V: Increasing energy supply efficiency

Article 24: Heating and cooling supply

Minimum requirements are prescribed for district heating and cooling systems to qualify as “efficient”. These efficiency criteria provide for a progressive moving away from the use of fossil fuels to ensure a decarbonised heating and cooling supply by 2050. Operators of existing district heating and cooling systems that are larger than 5 MW and do not yet meet the efficiency criteria are required to present a phased plan showing how primary energy efficiency and renewable energy are to be increased. This plan must be approved by the relevant national authority. AK believes phase-out pathways are important to give enterprises legal and investment security, so that wrong investments can be avoided.

In AK’s opinion, the full use of existing waste heat and cold should be given top priority. The use of waste heat from cogeneration systems, including those that are gas-powered, plays a pivotal role here. However, use of waste heat is incompatible with the minimum requirement according to which it will no longer be permitted to take waste heat from high-efficiency cogeneration systems into account from 2035. According to AK, as long as these systems are still needed for purposes of stabilising the electricity network on the energy market, it should still be permitted to use their waste heat, regardless of whether these systems are powered by natural gas or green gas.

Chapter VI: Ensuring availability of skilled workers

Article 26: Availability of qualification, accreditation, and certification systems

The question if sufficient skilled workers are available in time or not, will be critical to meet the energy and climate targets at all. This requires long-term plans for a resilient labour market (according to the principle

of a “just transition”). Decarbonisation measures should be designed to provide optimal support to labour market policy goals. This implies an active, organising role of the public sector, ensuring good working conditions and creation of high-quality workplaces, as well as sufficient social security and democratic codetermination at all levels (including at company level). This includes [job guarantees](#), which help groups at risk of exclusion, such as the long-term unemployed or young people, to establish themselves in professions with future prospects by guaranteeing them financial support to meet their basic needs during the transition phase. There is also a need for a training and qualification campaign and a wide range of education and training programmes for acquiring additional skills. There is particularly high demand for skilled workers in the fields of building and renovation, renewable heat and cold as well as in renewable electricity. The necessary measures in labour market and education policy require funds and the development of an action plan to ensure a coordinated approach. AK therefore proposes that Member States report on the action plan and measures as part of their progress reports on the National Energy and Climate Plan (NECP).



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About us

The Austrian Federal Chamber of Labour (AK) is by law representing the interests of about 3.8 million employees and consumers in Austria. It acts for the interests of its members in fields of social-, educational-, economical-, and consumer issues both on the national and on the EU-level in Brussels. Furthermore, the Austrian Federal Chamber of Labour is a part of the Austrian social partnership. The Austrian Federal Chamber of Labour is registered at the EU Transparency Register under the number 23869471911-54.

The main objectives of the 1991 established AK EUROPA Office in Brussels are the representation of AK vis-à-vis the European Institutions and interest groups, the monitoring of EU policies and to transfer relevant information from Brussels to Austria, as well as to lobby the in Austria developed expertise and positions of the Austrian Federal Chamber of Labour in Brussels.