



November 2011
AK Position Paper

AK position paper on the Draft Directive
of the European Commission on Energy
Efficiency – Vote on the draft of Rapporteur
Turmes

About us

The Federal Chamber of Labour is by law representing the interests of about 3.2 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 AK EUROPA office in Brussels was established in 1991 to bring forward the interests of all its members directly vis-à-vis the European Institutions.

Organisation and Tasks of the Austrian Federal Chamber of Labour

The Austrian Federal Chamber of Labour is the umbrella organisation of the nine regional Chambers of Labour in Austria, which have together the statutory mandate to represent the interests of their members.

The Chambers of Labour provide their members a broad range of services, including for instance advice on matters of labour law, consumer rights, social insurance and educational matters.

Herbert Tumpel
President

More than three quarters of the 2 million member-consultations carried out each year concern labour-, social insurance- and insolvency law. Furthermore the Austrian Federal Chamber of Labour makes use of its vested right to state its opinion in the legislation process of the European Union and in Austria in order to shape the interests of the employees and consumers towards the legislator.

All Austrian employees are subject to compulsory membership. The member fee is determined by law and is amounting to 0.5% of the members' gross wages or salaries (up to the social security payroll tax cap maximum). 560.000 - amongst others unemployed, persons on maternity (paternity) leave, community- and military service - of the 3.2 million members are exempt from subscription payment, but are entitled to all services provided by the Austrian Federal Chambers of Labour.

Werner Muhm
Director

Executive Summary

The energy efficiency target contained therein of 20 % continues to remain non-binding; however, the measures to achieve this target are supposed to be binding

The EU Commission has presented a new draft Directive on Energy Efficiency. The energy efficiency target contained therein of 20 % continues to remain non-binding; however, the measures to achieve this target are supposed to be binding. The planned compulsory measures include among other an energy saving target of 1.5 % for energy providers or network operators, as well as a 3 % annual renovation rate for public buildings.

A draft report of your Committee on this draft Directive is now available.

The AK welcomes the main points of this draft:

The AK position in detail

• Transport sector

Although the draft Directive brings new impetus to the important political process relating to energy efficiency, one of the most important energy consumers, namely the transport sector is not included. According to the European Environment Agency, the transport sector (without international air and sea transport) is responsible for 19.7 % of the entire greenhouse gas emissions of the EU-27. In Austria, at a share of 33.5 % (2009), transport is the main energy consumers. By not including this sector, the Directive is in danger of remaining ineffective. Hence, from our point of view it is therefore necessary to make a strenuous effort that the transport sector, as one of the fastest growing energy consumers and CO2 emitters, is included in this Directive. This appears to be even more urgent as the energy efficiency measures in the recently presented "Transport White Paper" seem more to resemble declarations of intent, but do not contain any concrete binding provisions.

• Circle of obligated parties

The AK expressly welcomes the aim that not only energy distributors are held liable but also energy retailers. In the long term, it would be preferable to introduce a relevant harmonised level of obligated parties, which ensures that all types of energy, and not only those connected to the grid, are included in the Directive. That is why both levels (as proposed in Art 6 of the draft Directive of the European Commission) have to be held liable as a target group.

• Binding national targets - objectives

We suggest specifying legally binding national energy efficiency targets for 2020 already at this stage. Experiences made with comparable programmes have shown that it is not possible to achieve these targets by voluntary measures alone. Binding objectives would not only create legal certainty at an early stage, but would also be important instigators for setting up a market for energy efficiency services. In this context, we are also greatly concerned with regard to Art 6 Z 9 of the draft Directive, which allows Member States to take "other measures". This would for example provide Austria with the option of continuing her common practice to determine any targets by "soft law", namely voluntary agreements. In practice, these agreements are completely intransparent and it has yet to be clarified, how the ongoing compliance will be checked. Not to mention the fact that no sanctions at all are provided for in case of non-compliance. The AK therefore thinks that an "escape clause", as depicted by Art 6 Z 9, should be used to delete such bypass options from the draft Directive. We therefore highly welcome the proposals of Rapporteur Turmes.

• Smart Meter

Art 8 of the draft Directive of the European Commission suggests that consumption metering for electricity, natural gas, district heating and cooling as well as district hot water customers

The AK suggest specifying legally binding national energy efficiency targets for 2020 already at this stage

A study for example has not yet been carried out in Austria

should be undertaken by individual meters, which record the actual consumption.

The purpose of this provision is to fit households with so-called smart meters. According to Art 8 Section 2 in conjunction with Appendix IV Z 2.1 it is planned to implement this regulation by 2015.

This is in contrast to the provisions of the third EU Internal Market in Electricity Directive, which provides for a universal introduction of smart meters” for the electricity sector by 2020. The introduction should be subject to an economic assessment of this technology, whereby all long-term costs and benefits have to be analysed, for both the market and individual consumers. Such a study for example has not yet been carried out in Austria. The AK is therefore opposed to introducing this technology without carrying out an independent study, which provides clear information on costs and benefits for consumers as proposed by Rapporteur Turmes.

Regarding this issue, the AK would like to make the following fundamental observations: smart meters are able to collect, store and forward comprehensive energy consumption data (normally quarter-hourly values). They are in particular beneficial to energy providers and network operators (differentiated tariffs, improved load control). However, the benefit for private households is debatable because due to the consumption behaviour of Austrian households it will hardly be possible to achieve the alleged energy sav-

ings. Apart from that, important questions concerning personal data protection and data security remain unanswered. The introduction of smart meters enables new tariff models, which from a consumer policy point of view give cause for concern. On the one hand, such time-of-day tariffs could lead to serious disadvantages for certain consumer groups (families, single parents, shift workers, etc.); on the other hand, such tariff systems result in a tariff jungle, which is not dissimilar to the IT sector. According to the BEUC, in Great Britain, currently more than a third of all electricity consumers do accidentally switch to a more expensive provider.

As long as these questions remain open and costs and benefits for households have not been clarified, the AK is opposed to the obligatory introduction of smart meters in private household.

However, the following points of the Report of the Committee should be amended:

- **Renovation obligation for public buildings**

The AK is critical of the provision according to which an annual renovation rate of 3 % is only intended for public buildings, whereby a surplus of renovated buildings in a certain year can be set off against the following two resp. the previous two years. This concerns buildings with a total useful floor area of over 250 m², which are publicly owned.

The AK recognises that the public sector has to fulfil an important function in respect of being a leading example. However, in view of tense budget situations and spending cuts within the scope of consolidation packages as well as the existing highly different thermic/energetic buildings in the individual Member States, setting a renovation rate at 3 % is undifferentiated. It leads to an inefficient use of funds and is rejected by the AK. It would be more appropriate to start by specifying all public buildings, which show a particularly high thermic resp. energetic need for renovation and where the lowest costs could achieve the highest energy efficiency - whereby macroeconomic considerations could also play a part in the selection (usage, impact on employment). The draft basically provides for this option in Art 4 Section 3. In this context, the AK welcomes the proposals of the rapporteur to increasingly integrate also the private sector.

Targets would only need to be set in a second step (either renovation rate or final energy saving). Based on such a "Building Renovation Master Plan", all existing funds and funding instruments as well as other financing options could be used in a targeted and efficient manner.

• **Promotion of efficiency in respect of heat and refrigeration supply**

The AK supports the proposals on the coordinated development of the potential of highly efficient CHP and efficient district heating and cooling (5-year plans) as well as priority access. However, one must not lose sight of financial feasibility, economic viability and the required framework conditions (grid capacities). Therefore, the BAK regards a general, bindingly prescribed purchase obligation for heat generated by highly efficient CHP plants as an undifferentiated measure, which it rejects in this form. It should at least include provisions, which guarantee the adequate safeguarding of consumer interests from a consumer rights point of view.

The AK considers those provisions to be positive, according to which new, larger thermal power plants have to be built as highly efficient CHP and where the plant should be at a location where it is possible to use recovered waste heat. The obligation to use industrial waste heat too is an important requirement, both in terms of energy and climate policy. Hence, that is precisely the reason why macroeconomic effects have to be taken into account - such as the possible displacement of existing infrastructures.

Should you have any further questions
please do not hesitate to contact

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