



EUROPEAN FEDERATION
OF INTELLIGENT ENERGY EFFICIENCY SERVICES

FÉDÉRATION EUROPÉENNE
DES SERVICES EN EFFICACITÉ ET INTELLIGENCE ÉNERGÉTIQUE

EFIEES represents private companies ensuring a global management of energy demand to end-user (Energy Efficiency Service Companies, EESCs). These companies provide operational services, running, maintaining and managing equipments on end users' site: industrial, service, residential premises (collective or personal), public premises (sports, healthcare, hospitals ...).

They commit, by long-term contract, to a set of technical, economic and environmental performance standards. Their remuneration is based on that performance commitment, defined as compliance with operating quality standards and/or delivery of improvements in energy efficiency.

EFIEES' members are active in District Heating as well as in outsourced combustion installations. They represent 25 M tons of CO₂ allowances in 13 Member States and express concerns about these two sectors.

District Heating

EU ETS directive has included district heating networks in a unique "energy" sector, together with electricity generation. This choice is not relevant, for two reasons:

- 1) **District heating networks differ from electricity in as much as they cannot "pass through" the costs of allowances in most of European countries.**
 - a) Many countries, especially new member states, still regulate the heat price delivered by District Heating Schemes (DHS) through a "cost plus" system, which is not favourable to (and in some case does not allow) investments aiming at energy efficiency and CO₂ reductions.
 - b) In other countries, prices are set through long term contracts (going far beyond 2012) which are part of the concession schemes.
- 2) **District heating is in competition with other technologies, like individual heating**, which are not subject to GHG emissions constraints, **although they** generate higher and growing emissions. Furthermore, DHS are, in the heating sector, the main vehicle to develop renewable energies, thus contributing to the objectives defined in Energy Council of Ministers, on 9 of March 2007.

Moreover, this unjustified choice would have a major detrimental effect on DHS, and result in loss of environmental performance, in case allowances are not granted for free. Due to the two reasons above, auctioning would have as a consequence strong competition distortions in favour of less environment-friendly heating.

Finally, it must be stressed that benchmarking works out very simply for combustion installations. It should be based on target values (possibly different according to fuels, sectors and countries) for instance based on best available technologies at the end of a defined period (2020 or 2050 according to sectors and countries).

Combustion Installations

In order to avoid competition distortions, outsourced industrial combustion installations must be granted the same allowances as "in-house" installations. The only way to do that is to allocate allowances to the installation according to the characteristics (growth, energy intensity....) of the industrial sector concerned. It follows that (especially if a different level of auctioning is put in place for the electricity sector and for the industry) outsourced combustion installations must be classified in industry.

As in the case of DHS, it must be stressed that benchmarking works out very simply for these installations.