



**CONCERTED ACTION
ENERGY EFFICIENCY
DIRECTIVE**

Tackling Double Counting in Article 7 Implementation

Executive Summary 8.4

Energy efficiency obligation schemes

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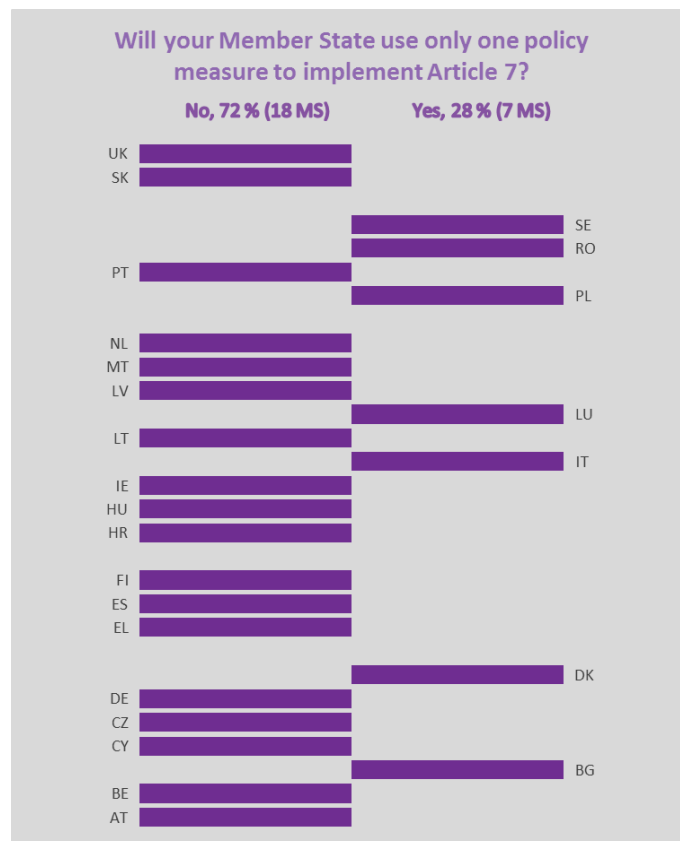
1 Summary

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. The obligated parties shall implement energy efficiency measures equivalent to achieving new energy savings each year from 1 January 2014 to 31 January 2020 of 1.5% of their annual energy sales to final customers. As an alternative, or in addition, Member States may opt to take other policy measures to achieve energy savings among final customers. Regardless of the approach chosen to implement Article 7, Article 7(12) specifies that Member States shall ensure that when the impact of policy measures or individual actions overlaps, no double counting of energy savings takes place.

Double counting of energy savings resulting from policy measures or individual actions under Article 7 is a pertinent issue relevant to most Member States. Only a few Member States indicated that they do not see much risk of double counting occurring when implementing policy measures and accounting their savings under Article 7.

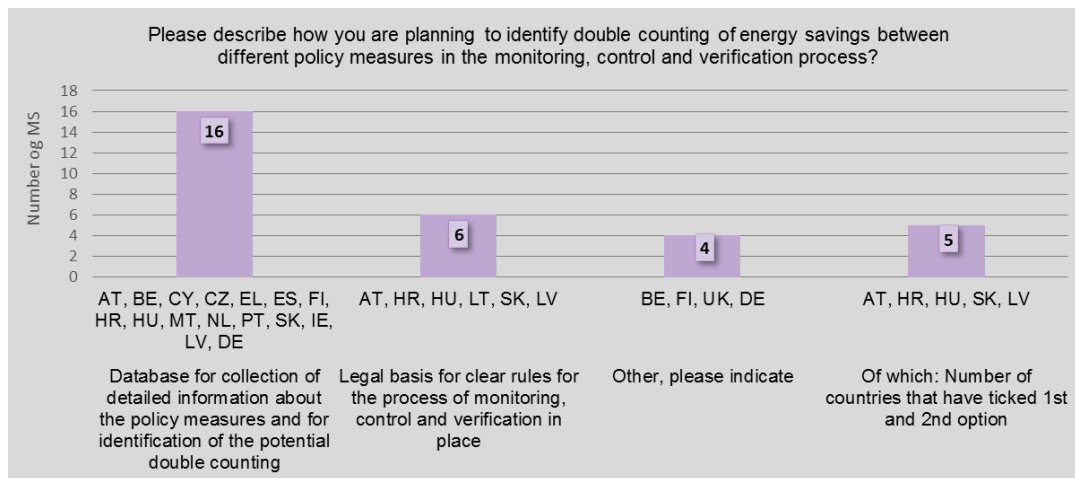
In general, double counting can occur between one or between different policy measures. 18 out of 25 Member States indicated, in their response to a questionnaire issued ahead of this research, that they would use more than one policy measure to implement Article 7. This clearly increases the risk of double counting, since the more measures are implemented, the higher the risk of double counting.

Figure 1: Approach chosen by Member States for Article 7 implementation: use of one or more policy measures



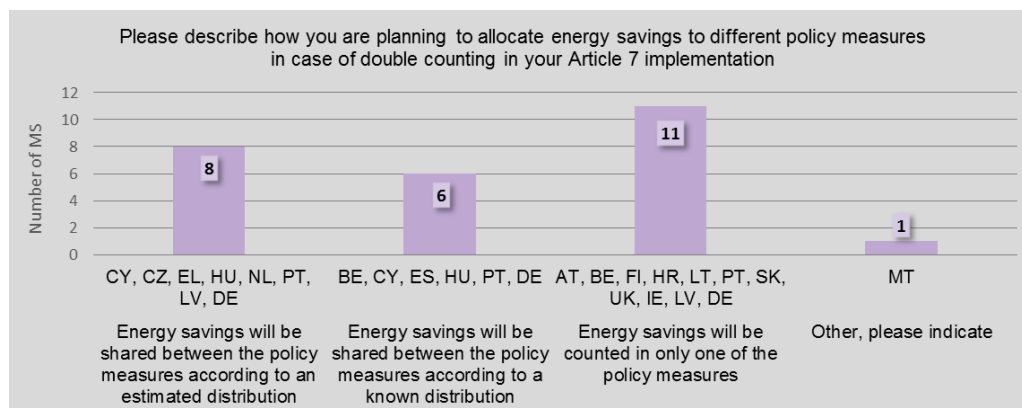
To identify double counting, the majority of the Member States (16 MS) intend to set-up a database to collect information on measures in order to enable them to monitor, control and verify energy savings. In six Member States a legal basis for clear rules for monitoring, control and verification will be (additionally) set (note: the rules for monitoring, control and verification have to be defined in an official document, but not necessarily in a legislative act as such).

Figure 2: Means to identify double counting of energy savings between different policy measures in the monitoring, control and verification process



For allocating energy savings to different policy measures, the majority of Member States (11 MS) responded that energy savings will only be counted for one policy measure, in eight Member States energy savings will be shared between the policy measures according to an estimated distribution and in six Member States according to a known distribution.

Figure 3: Allocation of energy savings to different policy measures in case of double counting in Article 7 implementation



As stated above, double counting can also occur when only one policy measure is being implemented and several actors (e.g. funding institutions) claim the savings of the same measure. The approaches for identifying double counting in this case vary a great deal, but there are several that are more commonly chosen by Member States than others. On the one hand, Member States want to identify possible double counting by setting up a database where the necessary information on implemented measures is collected. On the other hand, Member States intend to separate measures by type or sector or to set measures with clear boundaries in order to avoid double counting. In Member States that have a White Certificates Trading System in place, the identification of possible double counting is granted by the system itself. Approaches mentioned for allocating savings of one measure between different actors are to apply an estimated or know distribution of the savings among actors, split the savings according to the financial support provided by different actors, to count savings only once and attribute them to only one actor or to implement a good verification system, to name some examples.

Nevertheless, challenges for overcoming the issue of double counting remain, in particular collecting detailed data and information on measures to enable the identification of double counting (17 MS) and knowing the motivation for an action and therefore knowing where the effect of the action shall be allocated (9 MS). Furthermore, five Member States foresee a challenge in avoiding double counting due to the lack of clear rules and guidelines for the monitoring, control and verification process, and the task of identifying the target group and actors within the range of one measure is proving challenging for four Member States.

2 Conclusions and Recommendations

Member States are requested under Article 7(6) to put in place measurement, control and verification systems under which a statistically significant and representative sample of the energy efficiency improvement measures put in place by the obligated parties is verified. According to our questionnaire, the majority of Member States (17 MS) have indicated that they are planning to set up such a system and that they intend to use a database for collecting information about policy measures and for identifying potential double counting.

However, a database cannot be considered a universal solution to eliminate the risk of double counting of energy savings. It needs to be equipped with a technical function that checks whether one single measure has not been reported twice. To facilitate this process, measures have to be earmarked with special means of identification such as ID codes, and this approach has to be applied by all parties reporting measures to the monitoring and verification system. It goes without saying that such a process requires clear rules and guidelines that all affected parties adhere to. Nonetheless, a database, even when equipped with functionalities to identify double counting, has to be combined with expert knowledge and staff that assess once again that no single measure that has been through the technical selection process is reported twice.

Discussions also revealed that many Member States currently have more than one database in place that contain information on policy measures and (subsidized) energy efficiency measures. It is recommended to consolidate these databases or interlink them so that all the information on implemented energy efficiency measures is stored in one central database with the information being administered by one independent body. Again, such a process requires clear rules or guidelines that are well known and accepted by all affected parties and that are laid down in an official document, if not stipulated in a legal act.

Having clear rules or guidelines in place also applies to Member States that do not opt for a database as their monitoring and verification system. To attribute the savings of one or more different policy measures to different institutions that may have subsidised one and the same measure or individual action, it is indispensable and requested by the EED to have such rules or guidelines in place in order to avoid savings being reported more than once by each of the different funding institutions.

To conclude, it is recommended that Member States assess the most appropriate means to monitor and verify energy savings in order to ensure that the risk of double counting of energy savings can be easily identified and eliminated. The means chosen may depend on the size of the Member States and its administrative structure as well as on the number of policy measures chosen for Article 7 implementation and their potential risk of overlapping. Furthermore, monitoring and verification of energy savings and identification of potential double counting always has to go hand in hand with well-established and well-accepted rules or guidelines to lay down the process for reporting energy efficiency measures and their resulting energy savings. Having one independent monitoring body per Member State which collects all the necessary information on energy efficiency measures and individual actions from the reporting parties and which makes provisions to reduce the risk of double counting is deemed to be the most appropriate solution for a successful monitoring and verification process.

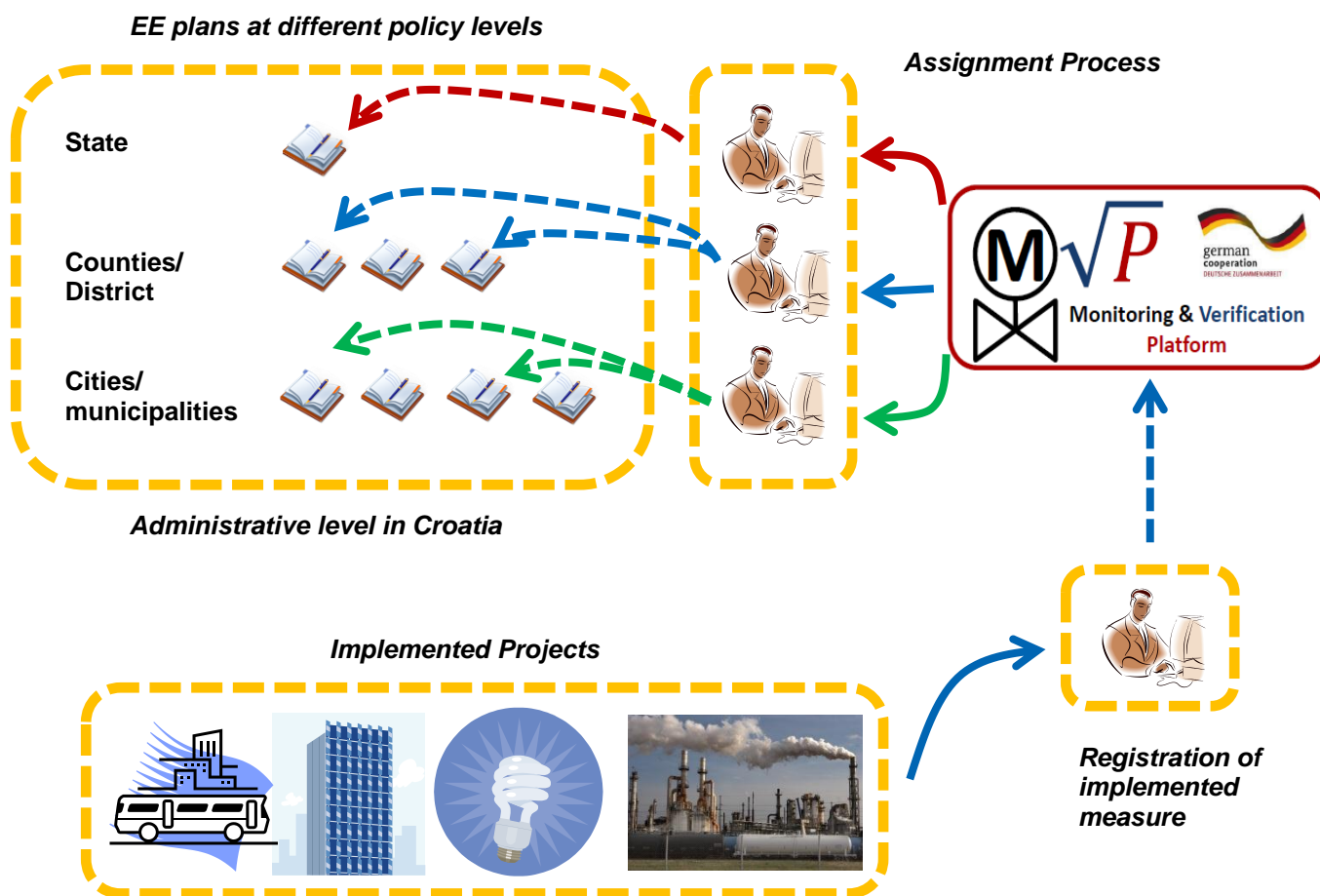
3 Practical Examples

Mr. Dean Smolar, Head of the National Energy Efficiency Authority of Croatia presented Croatia’s approach for overcoming the risks of double counting through the system for monitoring, measuring and verification of energy savings (SMIV) that is currently under development. The Authority acts as the central body for data collection, analysis and reporting of achieved energy savings in all sectors of energy consumption at the national level and governs, maintains and continuously improves the SMIV. It assesses the effect of implemented programmes and measures related to energy efficiency.

The savings achieved (kWh, CO₂, per sector) through the implementation of the energy efficiency measures from the NEEAP will be measured through the SMIV. The system will be used by all governmental bodies, companies that implement energy efficiency service contracts and bodies that co-finance energy efficiency measures. Consequently, all the energy savings achieved by these parties are measured and reported through the SMIV. The Monitoring and Verification Platform itself is a web tool that is administered by one national administrator which collects information on all implemented energy efficiency projects in Croatia.

The following figure illustrates the monitoring and verification process as designed in Croatia.

Figure 4: MVP information flow between different policy levels



Source: Presentation given by Dean Smolar in CT8 Session on 16.10.2014, National Energy Efficiency Authority of Croatia

Double counting by this system will most importantly be avoided through a bylaw that has been passed and which lays down who is responsible for monitoring and verification, what information is needed, when and how the data on energy savings shall be entered into the platform and how these savings are attributed to the implementing parties. It further states the obligation of entering information into the platform. The information submitted is double

checked by a SMIV administrator. In addition, the platform will be equipped with an “alarm system”, reporting potential risk of double counting of measures or individual actions.

For more detailed information, please visit www.ca-eed.eu where the presentation can be downloaded.

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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.ca-eed.eu or contact the CA EED Coordinator Lucinda Maclagan at lucinda.maclagan@rvo.nl



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