



JOINT POSITION PAPER ON THE REVIEW OF PEF IN THE FRAMEWORK OF THE ENERGY EFFICIENCY DIRECTIVE

June 2016

The signing organizations of this joint statement support the European Commission's initiative to review the PEF value based on a standardized calculation method.

In this context, we suggest to the Commission to consider **the importance of the guiding function of the PEF in decarbonizing the energy system**. A lower primary energy factor will accelerate the efficient electrification of the heating and cooling sector and enable a deeper integration of the electricity and heating and cooling markets. While it supports the EU climate and energy targets, it will also:

- provide a more rapid decarbonisation of the heating & cooling sector and avoid lock-in of fossil fuel investments for decades;
- facilitate deeper integration of electrical renewables through more flexible heat demand;
- improve EU security of supply through replacing fossil imports with indigenous renewables;
- empower consumers, to become active participants in the electricity markets, giving them the ability to reduce or shift electricity loads.

In order to realize these benefits, the signing organizations propose the following key considerations to be taken into account by the European Commission:

1. We welcome the European Commission's proposal **not to impose a single PEF value** on Member states for saving calculations in the Energy Efficiency Directive and for buildings in the Energy Performance of Buildings Directive.

The organizations acknowledge that the European Commission will include the PEF revision in the review of the Energy Efficiency Directive and therefore welcome the fact that the PEF value will be **reviewed on a regular basis**.

2. While there are several positive elements outlined from the meeting of June 17th, we collectively feel that more detail is needed **to better define primary energy factors for other energy carriers**. The Commission argues that: *“the role of RES is also recognised because for fossil fuels and directly combustible renewable fuels a life cycle approach is applied, with a PEF value for this of 1.1 (while it is 1 for RES)”*.

A difference of 0,1 is however not reflecting that Europe needs to quickly decarbonize the heating and cooling sector, while significantly increasing the use of renewable energy. In the current proposal, renewable electricity as an energy carrier is insufficiently recognized for its contribution to 2050 decarbonizing targets.

The undersigned organizations hereby request that the European Commission considers a more balanced approach through a comprehensive analysis of fossil energy carriers.

3. With regard to the **data source** to be used, as suggested by Fraunhofer ISI's and chosen by the Commission we fully support to apply annual average values for time of use of energy in order to maintain transparency and objectivity.

We could also agree with the Commission's proposal to apply the consequential approach using PRIMES, but we urge the Commission to look far beyond 2017-2018! The PEF in EU Energy Policy legislation influences investment decisions that have a long term impact on production and consumption of electricity.

Our recommendation is to use scenario-data (PRIMES) from the 2050 Roadmap for a low carbon economy in a consequential approach for calculation of the PEF.

4. This will ensure increased consistency with EU long-term climate and energy objectives. The electricity system is **steadily moving towards an increasingly renewable, carbon-neutral generation mix**. It is essential that the new PEF methodology is capable of adequately recognizing and promote this development in order to allow the benefits of a sustainable electricity system carrying over to the demand side and prevent a prolonged dependence on fossil fuels in these sectors.

Therefore, PEF should be reviewed on a regular basis. Flexibility should be provided to Member States to use national factors both regarding savings calculations and building energy performance.

5. Moreover, the organisations also would like to underline that the calculation value of the PEF should include the **non-RES primary energy approach** as it is the best way to achieve the EU energy and climate policy goals.

Considering the impact on the markets for energy-related products, we also advocate a mechanism to rapidly apply revised PEF values to eco-design and labelling product regulation.

Following the Paris agreement, economy-wide decarbonization is urgently needed. We are convinced the recommendations made above, will ensure increased consistency of the PEF with EU long-term climate and energy objectives. It will allow for a rapid decarbonization of the energy system, which is absolutely essential to meet the “below 2°C global warming target” agreed upon in Paris. Ambitious action on all fronts is needed, including – in this context – avoiding barriers to market for carbon-neutral electricity in the heating & cooling sector.

Key considerations to be taken into account by the European Commission:

- 1. Review PEF on a regular basis and provide flexibility to Member States.**
- 2. The PEF revision needs to support the 2050 decarbonization targets set by the European Commission and recognize the rapidly increasing share of renewable energy in the power system.**
- 3. The calculation value of the PEF should include the non-RES primary energy approach.**
- 4. The current difference between the PEF for fossil fuels of 1.1 and for non-combustible renewables of 1 is inconsistent with the decarbonization strategy.**
- 5. The PEF revision should focus on consumers as in the Energy Union Strategy.**
- 6. Rapid revision of PEF values in eco-design and labelling product regulation.**

We remain at your disposal should you have any further questions.

Yours sincerely,

AIE	European Association of Electrical Contracting Companies
ECI	European Copper Institute
EHPA	European Heat Pump Association
EUEW	European Union of Electrical Wholesalers
EUHA	Electric Underfloor Heating Alliance
EURELECTRIC	Association of the electricity industry in Europe
NHO	Confederation of Norwegian Enterprise
SOLARPOWER	Solar Power Europe

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