



**CONCERTED ACTION  
ENERGY EFFICIENCY  
DIRECTIVE**

**2<sup>nd</sup> Study visit CA EED**

## **Article 7, EEOS in Denmark**

**Copenhagen**

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## **Summary of Proceedings**

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# 1 Introduction

Denmark has chosen to implement an energy efficiency obligation scheme (EEOS) in order to fulfil the energy efficiency target of 1.5 % for the obligation period 2014-2020 under Article 7 of the EED. The Danish EEOS is implemented through a voluntary agreement between the government, represented by the minister for energy and the four energy sectors represented by the trade organizations for the utility companies. The Scheme has so far achieved an over implementation of the Article 7 requirements and is annually generating energy saving projects with an approximate value of 200 million EUR. The purpose of the study visit was to guide the participants through the processes Denmark has developed and provide insight into the benefits and results that can be expected from using a similar approach to an EEOS. The study visit focused on the evaluation of the EEOS, including an outlook into the future development by the Danish Energy Agency on the first day and on experiences of obligated parties on the second day.

During the study visit in Denmark over 30 experts and policy makers from 21 Member States, the Commission and utility company representatives shared their experiences and knowledge, and discussed issues related to the implementation of EEOS's and other Article 7 measures.

## 2 Scope and key findings

The Danish Energy Agency organized the 2<sup>nd</sup> Study Visit of the CA EED with the Danish Energy Efficiency Obligation Scheme (EEOS) as topic. On the first day the participants got an in-depth overview of the Danish EEOS as well as the measures, which Denmark will replace it with in the upcoming obligation period (2021-2030). The presentations were delivered by policy experts from the Danish Energy Agency, and each presentation was followed by a Q&A session. The last session of the first day, was dedicated to an expanded discussion session, where the participants were divided into small groups, and invited to discuss the subjects of the previous presentations, and how it fit with their own national energy efficiency measures. The second day provided the participants with a chance to hear about the EEOS from the point of view of the obligated parties. Representatives from utility companies and third parties shared their experiences and their opinions on the flaws and benefits of the scheme. The study visit ended with a short wrap-up session.

### 2.1 Scope

The scope of the study visit was the exchange of experiences and information with and between Member States in the process of developing new policy measures for the fulfilment of the Article 7 obligations.

First of all, this exchange was aimed at gaining insight in Denmark's EEOS from 2006 to the present, i.e. on:

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- The main principles of the Danish EEOS including calculation methods, monitoring and verification of the projects and the results and the evaluations of the scheme (Presentation 1).
- Experiences from obligated parties and the role of third parties in the EEOS, specifically with examples of how obligated parties can outsource the energy efficiency obligation to non-profit and for-profit third parties (Presentation 3 and 4).

On a broader perspective, the study visit aimed at providing insight to:

- The new Danish energy efficiency schemes for the next obligation period (Presentation 2).
- Links between Danish experiences and those of the other member states (round table discussions).

### 2.2 Key findings

#### Article 7, EEOS in Demark

Since 2006, the EEOS has been the primary tool for fulfilling the Danish Article 7 obligations. The EEOS was created prior to the EED, and has had a higher energy efficiency target than the directive. The EEOS has so far achieved a slight over implementation of the EED in return for a relatively minor increase in the utility prices for consumers. The scheme has generated energy efficiency projects worth approximately 200 million EUR annually. The total cost in øre/kWh has fluctuated between about 4 cents/kWh and 6

cents/kWh in the obligation period, peaking in 2015 due to a very high saving target, which has subsequently been reduced. The EEOS is a voluntary agreement between the minister for energy and the trade organizations for district heating, electricity, gas and oil. The saving obligation for each sector is distributed among the individual supply companies, based on the amount of energy they transmit to their end users.

The Danish EEOS has been discontinued for the upcoming obligation period in favour of alternative schemes. This decision is based on a number of structural issues within the EEOS with regards to monitoring, cheating, cross-subsidizing lack of incentives to reduce costs and transfer pricing. The scheme is overall seen as a success, but the described issues have eroded the public trust and the willingness of the obligated parties to participate in the scheme.

During the study visit, the working group sessions and the discussions following the presentations revealed several key issues regarding the implementation of EEOS' and energy saving measures in general. These issues were as following:

- The difference between Member States and energy systems makes it difficult to create universal guidelines for a functioning EEOS, but there are nevertheless common lessons, which could benefit from being described in collective toolkit or overall guidelines, preferably from the Commission.
- Regardless of the type of energy savings scheme, the documentation process is difficult, as it requires a balance between sufficient documentation for the reported savings, without creating an overly bureaucratic system which decreases the feasibility of smaller projects.
  - In regards to the documentation process, it is also important to ensure sufficient administrative capacity for the regulator to effectively monitor the scheme. It is also necessary for the obligated parties to have sufficient capacity for proper quality control of the projects and documentation.
  - A lack of control and clear rules for the documentation can result in cheating or uncertainty among the obligated parties and can subsequently erode the support for the scheme.
- There are pros and cons involved in allowing for third parties to participant in the scheme, as this generates market conditions and competition in regards to the energy saving projects. However, it can also become more difficult to regulate a scheme with many actors involved between the obligated parties and the end-users where the measures are carried out.
- It is important to be aware of the fact, that an EEOS like the Danish one, will be more beneficial to industry and business, at the expense of private end users, as large projects are more cost efficient than smaller ones, and the increased cost is proportionately greater on the bill of private end users, compared to companies.

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## Study visit

The Study visit programme was balanced by a mix between working group discussions and presentations from obligated parties, DEA experts and third parties. On the last day, participants were invited to a wrap-up session. The Study visit participants' feedback in terms of future study visits comprised following findings and suggestions:

- The participants approved of the meeting format with 2 day half days, as this allowed for easier absorption of the very technical subject of the study visit.

- There was positive feedback on the use of internal and external speakers in order to illustrate multiple perspectives. Especially since the evaluation of the EEOS was of particular interest to the participants.

Many of the participants also expressed the opinion, that the study visit was an excellent opportunity to network and generate new knowledge of the issues in fulfilling Article 7 of the EED. It was also a good opportunity to be updated on the newest development in the other Member States and the Commission.

## 3 Presentations

1. [The Danish Energy Efficiency Obligation Scheme](#)  
Danish Energy Agency
2. [Energy efficiency schemes after 2020](#)  
Danish Energy Agency
3. [The Energy Companies' Energy Savings Effort](#)  
Danish District Heating Association
4. [Ørsted's role and aspiration in Energy Efficiency Obligations](#)  
Ørsted

## 4 Further reading

[Agreement between the minister and trade organization in regards to Danish EEOS, EFKM, 2016](#)

[Danish energy agreement \(including future energy efficiency schemes\), EFKM, 2018](#)



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