

Joint ENSMOV and streamSAVE workshop

Dealing with additionality in the context of Article 7 EED: Experiences about monitoring and energy savings calculations

MINUTES

The **recording** of the workshop is available at the following link: [Additionality workshop](#).
The **presentation files** can be downloaded from the [ENSMOV website](#) or [streamSAVE platform](#).

[ENSMOV](#) and [streamSAVE](#) are both dealing with the implementation of the Energy Efficiency Directive (EED), and more specifically its Article 7 (energy savings obligation).

Additionality is one of the key principles for the implementation of Article 7 EED and related Annex V, and also one of the most challenging:

“The savings shall be shown to be additional to those that would have occurred in any event without the activity of the obligated, participating or entrusted parties, or implementing public authorities. To determine the savings that can be claimed as additional, Member States shall have regard to how energy use and demand would evolve in the absence of the policy measure in question by taking into account at least the following factors: energy consumption trends, changes in consumer behaviour, technological progress and changes caused by other measures implemented at Union and national level”. (EED Annex V (2)(a))

The first presentation on [Introducing the additionality issue: what challenges? what approaches?](#) from Samuel Thomas, RAP, briefly presented the ENSMOV project and then focused on the general topic of additionality, as set out in the Directive and the related challenges. Besides the text on additionality in the EED reproduced above, Annex V (2)(b) emphasises that savings achieved from the implementation of other EU level policies shall not be considered additional. There are two crucial points in tackling additionality as set in Annex V(2): (1) adjusting gross savings to get the baseline right (e.g., by including compliance with EU law in the baseline); and (2) moving from adjusted gross to net savings (e.g., by considering possible free-rider, spill-over or market effects). Annex V (2)(a) Adjusting gross savings was illustrated through the cases of baselines for products (taking into account EU ecodesign standards and market averages) and building renovations (where compliance with the Energy Performance of Buildings Directive is exempted from inclusion in the additionality requirement). Three special cases were then highlighted:

- ‘early replacements’ (and the related staircase approach to estimating the energy savings before and after the assumed replacement in the baseline),
- additionality to the EU new vehicle emission standards (which requires taking into account the “waterbed effect” caused by the fact that the standards are based on the average emissions from manufacturers’ sales), and
- additionality to the Energy Taxation Directive, which requires a specific approach to isolate the difference from the minimum EU taxation level.

The Annex to the [Commission’s Recommendation](#) published in September 2019 includes guidance to comply with the Annex V requirements, and more specifically about these special cases (see Appendix IV about taxation measures; Appendix VII about transport measures and the case of new vehicles; and Annex XI dedicated to additionality, and covering the case of ‘early replacement’).

In the presentation on [Handling additionality in energy savings calculations: examples from the streamSAVE methodologies](#), Gema Millan Ballesteros, CIRCE, briefly introduced the streamSAVE project and provided an overview of the [5 Priority Actions](#) (PAs) covered in the first half of the project, and the related calculation methodologies. All methodologies include calculations of final energy savings, impacts on energy consumption, costs and GHG savings. streamSAVE is focused on standardised calculations per action type, whenever possible including indicative values as a basis for deemed savings. The way to take additionality into account by adjusting the baseline in the calculation formula depends on the PA. For example, it is assumed that heat recovery systems would not be installed in the absence of incentives (hence a baseline being the situation before the action). Whereas it is assumed that lighting systems for road lighting would need to be replaced anyway (hence a baseline based on the minimum energy performance requirements set in the related Ecodesign regulation). The case of Industrial and Commercial Refrigeration Systems was presented more in details. It deals with replacements of chillers with, newly installed cooling systems, with constant demand. The suggested baseline values correspond to a higher energy performance than the minimum requirements of the Ecodesign regulation, as the market average is already with a higher energy performance. One challenge about this PA has been the selection of the indicators to compare the new situation to the baseline and the data availability to determine the baseline.

Niels Smeets, Federal ministry of economy Belgium, and Kelsey van Maris, VITO, shared their experience with [Case 1: How to estimate article 7 energy efficiency savings to conform with Annex V: introducing EVs in the federal car fleet \(Belgium\)](#). In Belgium, the achievement of the Article 7 target is mostly under the responsibility of the Regions. When the Federal State plans to report a measure to Article 7, double counting with regional measures should then be avoided. The governmental car fleet procurement can thus be considered as a candidate measure for Article 7, without direct overlaps with regional measures. Moreover, it contributes to both policy objectives: energy efficiency and electrification. One challenge, among others, for implementing this measure is about ensuring the cooperation needed among the multiple governmental sectors or administrations. A governmental Circular regulates the Federal fleet and stipulated that 25% of the vehicle fleet should be either EV or PHEV or CNG by 2021. However, this Circular did not link this target to energy efficiency objectives, and therefore its monitoring was not initially designed to assess the resulting energy savings. A review of the Circular has started in 2021, which was an opportunity to consider changes in the measure, its monitoring and reporting. The streamSAVE project provided a technical support with the calculation of savings and determination of additionality. The EU law relevant for this measure is the Clean Vehicle Directive, and more specifically, the provision setting national targets in terms of minimum share of clean vehicles in public procurement. The baseline was then defined by taking into account this minimum share of 38.5% of clean vehicles from 2021. In the meantime, the revision of the Circular considers the objective of only procuring EVs from 2026 onward. The suggested savings calculation then considers 61.5% of the procured EVs as additional, as the choice of EVs for the other 38.5% of the procured vehicles would have been made in the absence of the Circular anyway, due to the Clean Vehicle Directive.

Laura Edwards, BEIS (Department for Business, Energy and Industrial Strategy) UK, shared her experience with [Case 2: Additionality at policy level – lessons from the UK](#). BEIS has a long experience with policy evaluation. BEIS dedicated evaluation teams have been using a wide range of evaluation approaches and methods not only to assess impacts (e.g., costs, benefits, energy savings), but also to gain a better understanding about how and why policies work (or not), considering differences according to the target groups. The recent evaluation of the Climate Change Agreements (CCA) scheme provides an interesting example about assessing the impacts of a policy measure having many interactions or overlaps with other policy measures. The CCA scheme is a voluntary industry agreement related to a carbon tax (Climate Change Levy), where companies receive discounts on taxes if they meet energy efficiency and carbon targets. One of the key evaluation objectives was to disentangle the effects of the CCA scheme from other policy measures which overlapped (e.g., ETS). The additionality was assessed through surveys (what would happen without the scheme?), micro-econometric modelling looking at differences in energy consumptions between similar firms included and not included in the CCA scheme, data analysis of the reported consumption and actions and qualitative research with participants and non-participants. Several different comparison groups were

used to form the counterfactual (i.e., what would have happened in the absence of the scheme). The evaluation showed that the additional CCA contribution to energy efficiency can be considered modest overall and identified where the CCA had more or less additionality by the type of participant.

The Q&A session and the open discussion chaired by Jean-Sébastien Broc, IEECP, highlighted several issues:

1. What are the criteria to select the relevant baseline (especially choosing between minimum requirements from EU legislations and market average)?

The normalised average/baseline should be at least aligned with the minimum requirements of the EU legislations. It means looking at the applicable regulations or standards and choosing the “strictest” values. Then, whenever possible, the market trends should be considered as well. This might be challenging in case of very specific actions or projects (e.g., specific industrial processes). However, when the market is homogeneous and that market data are available, then the baseline can be based on market values.

2. How is additionality determined in large industrial applications, e.g., bespoke processes?

As large industrial measures are very specific, the leading data is the standard for the equipment or the process to determine the baseline for additionality calculation.

3. According to EED Guidance (2019/1658) regarding transport sector policies that go beyond EU law, evidence should be provided for all accelerated policy measures that the replaced vehicles do not re-enter the second-hand market. How can this be guaranteed?

It is indeed easier when dealing with the governmental fleet. But anyhow, an energy efficiency gain remains: if the replaced vehicle enters the second-hand market, then it will replace another vehicle with worse performance in most cases.

4. Has any work been carried out on the impact and additionality of EV charging infrastructure?

The infrastructure was not considered in calculations for EV in these cases due to high risk of double counting. There were also questions on the real contribution of infrastructure investments. Some countries do support EV infrastructures, and could report energy savings from these measures, provided they can demonstrate that the support resulted in energy efficiency improvements (e.g., by facilitating the increase in EVs and their use, or by reducing the charging losses), and that they avoid or remove any double counting with energy savings from other measures related to EVs.