
ENERGY EFFICIENCY DIRECTIVE REVIEW – EUROMOT COMMENTS ON THE INCEPTION IMPACT ASSESSMENT

Brussels, 18th September 2020

EUROMOT, the European Association of Internal Combustion Engine Manufacturers, welcomes the Commission's initiative to consult stakeholders on the review process of the Energy Efficiency Directive ("EED") [2012/27/EU](#). An efficient use of energy is crucial in order to fulfil the EU climate objectives. After an analysis of the "EED" and of the Commission's [Inception Impact Assessment](#) (IIA) on its review, we noted in particular that aspects related to the new electricity market development are to a large extent neglected: we develop this topic in the text below, based on the various sections of the IIA.

Section A: Context, Evaluation, Problem definition and Subsidiarity Check

Subparagraph "*Problem the initiative aims to tackle*" states: "*.. The ongoing impact assessment of the 2030 Climate Target Plan is expected to assess how climate and energy policies would need to be revised in a coherent manner including for energy efficiency, in order to reach the more ambitious greenhouse gas emissions reduction targets by 2030. In this context, it would need to be seen whether the existing framework of the EED and measures put in place would be sufficient ..*".

The role of the thermal fired plants facilitating grid stabilization and step-by step integration of intermittent renewables into the electricity grid is not duly acknowledged in the "EED". Fast dynamic/flexible reciprocating engine plants can be shut down (no need to be kept on-line at part load in order to be flexible enough due to their ability for rapid start-up response) in times with enough/excess intermittent renewable (solar, wind) electricity generation and thus fuel is saved, and associated CO₂ emissions avoided. As a consequence, the share of intermittent renewable electricity into the grid can be increased (more info at this [EUROMOT press release](#)). See also the text included in recital (7) of Directive EU [2018/2002](#): "*The **operational efficiency** of energy systems at any given moment is **influenced by the ability to feed power generated from different sources - with different degrees of inertia and start-up times - into the grid smoothly and flexibility. Improving that efficiency will enable better use to be made of renewable energy.***"

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ENGINE IN SOCIETY

A European Interest Representative (EU Transparency Register Id. No. 6284937371-73)

A Non Governmental Organisation in observer status with the UN Economic Commission for Europe (UNECE) and the UN International Maritime Organisation (IMO)

Section B: Objective and Policy options

Related to subparagraph Option 3-iii (“*Contribute to the achievements of a more ambitious EU climate target for 2030..*”):

Article 14.6(a) of the “EED” excludes from the obligation of a cost-benefit analysis (of the high-efficiency cogeneration application option) peak and back-up electricity generating installations operating < 1500hr/y as a rolling average over a period of five years.

On the contrary, in Annex I of Regulation EU [2015/2402](#) BAT-derived cogeneration efficiency reference values (“operational use under realistic conditions”) for e.g. separate production of electricity are set. In particular, values relative to gaseous fuels (“Category G10”) seem to be based on the baseload CCGT (Combined Cycle Gas Turbine) case. Note! “.. *with CCGT you can either have high flexibility or high efficiency, not both simultaneously ..*” (for more info see chapters 6 and 7 of [this EUROMOT paper](#)). I.e. EU 2015/2402 Annex I reference values are thus not in line with today’s market trends and EU 2018/2002 recital (7). Specific reference values for grid-stabilizing plants (operating > 1500 hr/y) need thus to be set (gap in current “EED”), based on efficiency values of chapter 10 of LCP BREF (recital 42 of the [original EED](#) does indeed refer to BREFs). Highly flexible cogeneration plants can offer grid-balancing services at a high efficiency (e.g. in Germany many gas-fired highly efficient reciprocating engine co-gen district heating plants are being built).

In other words, a higher flexibility shall be rewarded when setting efficiency reference values for electricity production.

Section C: Preliminary Assessment of Expected Impacts

Subparagraph “Likely economic impacts”, quote: “... *In addition, impacts on businesses include increased sectoral competitiveness .. and business opportunities .. for energy efficient technologies **including for export** ..*”, to be read jointly with the following World Bank quote (see source [here](#)):

“*Further, the World Bank will facilitate the expansion of renewable energy by supporting grid infrastructure and systems .. This requires improving the ability of power systems to absorb more variable renewable electricity by investing in: (i) .., .. (iii) natural gas-based generation to balance variable renewable energy...*”. In other words, the World Bank acknowledges the gas fired reciprocating engine-based grid balancing plant concept as an already viable, cost-efficient low carbon alternative facilitating the Green transition of the economy worldwide.

Section D: Evidence base, Data collection and Better Regulation Instruments

In the paragraphs above we have addressed one major gap of the “EED”: the role of efficient and flexible gas-fired grid stabilizing plants, enhancing the reliability and raising the total efficiency of the grid (intermittent wind and solar based energy amount can be maximized), is not fully acknowledged. For the sake of regulatory coherence and of the Better Regulation principle, we want to underline the fact that the current EU Taxonomy on sustainable finance report, if confirmed in EU legislation, would further hinder the development of such a technological solution: for this reason, we ask that Taxonomy thresholds are based on grid-average’s – rather than on individual plants’ – performance: for additional details see [this EUROMOT paper](#).

For more information please contact:

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EUROMOT is the European Association of Internal Combustion Engine Manufacturers. It is committed to promoting the central role of the IC engine in modern society, reflects the importance of advanced technologies to sustain economic growth without endangering the global environment and communicates the assets of IC engine power to regulators worldwide. For more than 20 years we have been supporting our members - the leading manufacturers of internal combustion engines in Europe, USA and Japan - by providing expertise and up-to-date information and by campaigning on their behalf for internationally aligned legislation. The EUROMOT member companies employ all over the world about 200,000 highly skilled and motivated men and women. The European market turnover for the business represented exceeds 25 bn euros. Our **EU Transparency Register** identification number is **6284937371-73**.

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