



## **EFIEES' response to public consultation on draft ETS State Aid Guidelines**

Brussels, 10th March 2020

**EFIEES**, the **European Federation of Intelligent Energy Efficiency Services**, is the voice of energy service companies (ESCOs) and their national associations in 12 EU Member States. Our members represent over 130.000 professionals engaged in the design and implementation of energy-efficiency solutions in public and private buildings as well as industrial facilities. In some countries, they also ensure the efficient operation of district heating & cooling networks.

The upcoming revision of the Guidelines on certain State Aid measures in the context of the system for greenhouse gas emission allowance trading post 2021 are of outmost importance for companies subject to the EU ETS. Often confronted with a challenge of enhanced energy performance of their installations (in order to reduce their overall emissions, and thus the burden of CO2 allowances purchase), **these companies can benefit from services provided by ESCOs. Energy Performance Contracting (EPC) is one the ways ESCOs may operate their projects and help their clients achieve better energy results on their industrial equipment and processes.**

According to the Energy Efficiency Directive 2012/27/EU (EED), Energy Performance Contracting "means a contractual arrangement between the beneficiary and the provider of an energy efficiency improvement measure, verified and monitored during the whole term of the contract, where investments in that measure (work, supply or service) are paid for in relation to a contractually agreed level of energy efficiency improvement or other agreed energy performance criterion, such as financial savings."

**EPC allows guaranteed energy savings/energy performance improvements, resulting in reduced CO2 emissions. Thus, EPC and similar arrangements, based on contractually guaranteed energy efficiency gains, should be actively promoted, also through the State Aid rules applying to the EU ETS sector.**

Such an incentive to contract a performance agreement could be addressed by adding under point 26, in these Draft Guidelines, a point specifying that **projects operated under an EPC give rise to a bonus of aid intensity.**