

## **EUROALLIAGES' STATEMENT ON THE EXPLANATORY DOCUMENT ACCOMPANYING ARTICLE 15 OF THE ENERGY EFFICIENCY DIRECTIVE**

The European Commission is currently developing guidance documents to assist the Member States during the transposition of the recently adopted **Energy Efficiency Directive**<sup>1</sup> (EED).

EuroAlliages would like to use this opportunity to lay down core principles which should be taken into account in these explanatory documents, and especially with regard to **Article 15** of the EED.

EuroAlliages is the European association of ferro-alloys and silicon producers. It represents more than 95% of the production based in the EU and the EEA. EuroAlliages' members pay special attention to the European energy efficiency policy. Representing an energy intensive industry, they are endeavouring to reduce the costs linked to energy consumption, which are a central competitive factor.

### **DEMAND RESPONSE**

With regard to demand response, the explanatory document on Article 15 developed by DG ENER reads:

- 24. The Directive establishes that network tariffs and regulation must not prevent TSOs, DSOs and energy retailers from offering, as system services, in "organised electricity markets" measures to:*
- i. Shift customers' demand from peak to off-peak (taking into account the availability of renewable energy, energy from cogeneration and distributed generation);*
  - ii. Induce customers to reduce demand;*
  - iii. Store energy; or*
  - iv. Connect or dispatch electricity from distributed generation.*

EuroAlliages strongly supports this analysis: demand response is an underused and undervalued measure in many energy markets. **Improved use of this instrument will help reduce the need for development of new grids and production capacity and as such be vital for the socioeconomic sustainability of our new energy future.**

It is important, however, that demand response is initiated **through market mechanisms**, where demand and production can offer their services on a European level playing field, whilst keeping the improvement of regulation capacity for local markets which are not still interconnected at EU level .

---

<sup>1</sup> Directive 2012/27/EU of 25<sup>th</sup> October 2012

## **NETWORK TARIFFS AND ENERGY EFFICIENCY**

EuroAlliages strongly supports the Commission's conclusion that **the structure of network tariffication can be an important measure in initiating more efficient use of the electricity grid, and overall energy efficiency**. Due to the unavoidable feature of electricity - grid losses - one should avoid long distance transport of electricity, unless it is strictly necessary. EuroAlliages members believe that modulation of tariffs according to distance should be put in place where it does not exist. This issue appears taken into account in the explanatory document on Article 15 developed by DG ENER, which requires the removal of incentives that increase the volume of transmitted energy and reads:

*19. The Energy Services Directive included obligations upon Member States on energy efficient tariffs and regulation, requiring the removal of incentives in transmission and distribution tariffs that unnecessarily increase the volume of distributed or transmitted energy. In addition, it gave the possibility of imposing public service obligations relating to energy efficiency on undertakings operating in the electricity market.*

*20. The EED builds energy efficiency criteria into the design of network tariffs and regulation. It follows from the wording of recital 45 and Article 15(1) that in the context of the continuing deployment of smart grids, Member States should ensure that national energy regulatory authorities are able to ensure that network tariffs and regulations incentivise improvements in energy efficiency.*

However, this important message is devalued in other recitals (see below), where it is stated that national authorities should remove tariffs that provide lower rates for bigger volumes. Such volumes could e.g. be industrial loads, which are consumed close to generation and as such very efficient. Such loads and demand should be rewarded through the tariffication structure. **EuroAlliages' members trust that the Commission will remove any uncertainty on this issue, in both these explanatory documents and in any future guidelines on grid tariffication.**

*26. Article 15(1) lays down that for electricity, Member States must ensure that network regulation and tariffs fulfil the criteria in Annex XI (on energy efficiency criteria for energy network regulation and for electricity network tariffs).*

*27. In this regard, network tariffs must reflect reductions in network costs resulting from demand management, demand response and distributed generation. This means that national regulatory authorities must take account of these avoided costs when fixing and approving tariffs, or the methodologies underlying the calculation of tariffs (on the basis of a proposal by the TSO or DSO or on the basis of a proposal agreed between those operators and the users of the network).*

*28. Article 15(4) complements 15(1) and Annex XI(1) and (2) by requiring the removal of network tariffs rates for transmission and distribution of gas and electricity that are detrimental to the overall efficiency (including energy efficiency) of the generation, transmission and distribution and supply of electricity. These are for instance network tariffs that provide lower rates for bigger volumes.*

*For further information, please contact:  
Iva Ganev  
European Energy Policy Manager  
EUROALLIAGES  
Tel.: +32 2 775 63 08  
E-mail: [ganev@euroalliages.be](mailto:ganev@euroalliages.be)*