

Note on the application of the ‘ambition gap mechanism’ in accordance with Article 4(5) of the Directive (EU) 2023/1791 on energy efficiency recast.

This note aims to communicate to Member States the results of the ‘ambition gap mechanism’ (corrected indicative national contributions for final energy consumption), in accordance with the first, second, fifth and sixth sub-paragraphs of Article 4(5), of the Directive (EU) 2023/1791 on energy efficiency recast¹ (EED recast).

The mechanism was applied by the European Commission in February 2024 as the Member States’ collective contributions for final energy consumption do not add up to the 2030 Union target.

1. Legal context

According to Article 4(2) of the EED recast, each Member State shall set and notify to the Commission an indicative national contribution for final energy consumption (FEC) together with an indicative trajectory to achieve it as part of its draft (updated) National Energy and Climate Plan (NECP). In addition, each Member State shall make efforts to contribute to the Union’s indicative primary energy consumption (PEC) target. To this end, each Member State should notify an indicative national contribution for PEC together with an indicative trajectory to achieve it.

Article 4(5) of the EED recast introduces a mechanism to ensure that the energy efficiency EU target is reached. This mechanism is to be based on the assessment that the Commission will perform to ensure that the collective contribution of Member States is at least equal to the Union’s binding target for FEC set out in Article 4(1) of the EED recast. Thus, the ambition gap mechanism will be applied only if Member States’ collective contributions do not add up to that Union target.

If such a gap is found, in accordance with Article 4(5) of the EED recast, the Commission shall submit to each Member State a corrected indicative national energy efficiency contribution for FEC.

However, “before applying the formula in Annex I for the mechanism established in this paragraph, the Commission shall update the 2020 EU Reference Scenario on the basis of the latest Eurostat data reported by the Member States, in accordance with Article 4(2), point (b), and Article 14 of Regulation (EU) 2018/1999²”. Member States that wish to update their indicative national contribution, using the updated 2020 EU Reference Scenario instead of the existing one, shall notify that updated contribution at the latest by 01 February 2024.

It should be recalled that in both cases, namely notifying either an indicative national energy efficiency contribution for FEC as part of the draft updated NECP or by 01 February 2024 using the updated 2020 EU Reference Scenario, a Member State “shall ensure that its contribution in Mtoe is not more than 2,5% above what it would have been had it resulted from the formula set out in Annex I with the use of the [respective] 2020 EU Reference Scenario”.

2. Application of the ‘ambition gap mechanism’

As Article 4(5) of the EED recast asks the Commission to update the 2020 EU Reference Scenario based on the latest Eurostat data, the Commission worked with the PRIMES

¹ <http://data.europa.eu/eli/dir/2023/1791/oj>

² <http://data.europa.eu/eli/reg/2018/1999/oj>

modelling team to create an updated version of the 2020 EU Reference Scenario, and updated 2030 baselines for all Member States. The results of this update were communicated to Member States on 15 December 2023.

As a next step, Member States that wished to update their indicative national contribution for FEC did so in accordance with Article 4(5), thus the Commission has at its disposal at least one notification from each Member States.

To apply the ‘ambition gap mechanism’ described in Article 4(5), the Commission considered the following steps, taking one after the other as long as there is still a gap between the sum of the national contributions of all Member States and the Union’s binding target:

1. The notified indicative national contributions from all Member States are added to determine the initial difference “between the sum of the national contributions of all Member States and the Union’s binding target” (gap). For each Member States, the indicative national contribution used is the one that can be found in the draft updated NECP, submitted in June 2023, unless the Member States notified an updated indicative national contribution, in accordance with Article 4(5).
2. The maximum deviation of 2,5% in Mtoe, as this is foreseen in Article 4(4) and the third sub-paragraph of Article 4(5), is applied to all indicative national contributions that do not respect this rule. This is because the use of an ‘ambition gap mechanism’ without such a correction would lead to unfair and disproportionate results for those Member States that notified indicative national contribution in full accordance with Article 4(5), that is by using the Annex I formula or by not deviating more than 2,5% from its results. For each concerned Member State, this correction is applied based on the least ambitious result (larger in Mtoe) between the two Annex I formula results.
3. The ‘ambition gap mechanism’ is applied to all Member States whose “indicative national energy efficiency contribution for final energy consumption in Mtoe [is not] equal to or below what it would have been had it resulted from the formula set out in Annex I.”, in accordance with the fifth sub-paragraph of Article 4(5). The mechanism consists of a two-factor formula that quantifies the two criteria of points (b) and (c) of the first sub-paragraph of Article 4(5), namely the relative GHG intensity per GDP unit in 2019 and the GDP in 2019 of the Member States concerned.
4. The calculations of this formula use criterion (a) of the first sub-paragraph of Article 4(5), namely the remaining collective reduction of final energy consumption needed to achieve the Union’s binding target.
5. The results of this formula are then corrected to consider the ambition of the 2019 NECPs of Member States. This correction reduces the additional effort attributed by the formula of the ambition gap mechanism in proportion to the ambition of the 2019 NECP of a Member State.
6. The results of the ambition gap mechanism and the remaining gap between the sum of the national contributions of all Member States and the Union’s binding target are then calculated.

3. Results

The following table summarises the results of the ‘ambition gap mechanism’, in accordance with Article 4(5) of the EED recast and following the steps described in the previous section of this note. For reasons of transparency, and to showcase that it is not possible to

close the gap between the sum of the national contributions and the EU target in a proportional and fair manner using only Article 4(5), the corrected indicative national contributions for all Member States are included in the following table.

It should be noted that without an ambition gap mechanism, the sum of the indicative national contributions would leave a large gap of 24,6 Mtoe and would effectively result in an EU target of -8,9%, smaller even from the initial Commission's proposal for an EU target of -9%. By considering the maximum allowed deviation of 2,5%, the gap is reduced to 12,6 Mtoe and the EU target goes up to -10,3%. The application of the ambition gap mechanism closed further the gap to 7,4 Mtoe and results in an EU target of -10,9%. Further effort to close the gap would lead to indicative national contributions that are considered not feasible for the Member States concerned.

Given the importance of the process for stakeholders and the public in general, the tables with the national contributions taken into consideration by the Commission, the detailed calculations of the ambition gap mechanism, and the table with all corrected indicative national contributions will be published in the Europa site.

Table 1: Indicative national contributions for FEC for all Member States

	Notified indicative national contributions (Mtoe)	Notification period	Deviation from formula result ³	Notified indicative national contributions with max. 2,5% deviation (Mtoe)	Indicative national contributions that go in the mechanism of Article 4(5) (Mtoe)	Corrected indicative national contributions (Mtoe)
BE	29,90	Draft NECP	3,77%	29,54	29,54	29,02
BG	8,42	Draft NECP		8,42		8,42
CZ	20,35	January 2024		20,35		20,35
DK	13,73	January 2024		13,73		13,73
DE	155,53	January 2024		155,53		155,53
EE	2,59	Draft NECP	1,35%	2,59	2,59	2,53
IE	10,45	January 2024		10,45		10,45
EL	15,40	Draft NECP	4,88%	15,05	15,05	14,64
ES	70,20	Draft NECP	7,37%	67,02	67,02	66,28
FR	106,93	January 2024		106,93		106,93
HR	6,55	Draft NECP	11,65%	6,01	6,01	5,88
IT	94,40	Draft NECP	1,63%	94,40	94,40	93,05

³ The formula result that is larger, thus the result that offers more flexibility to a Member State. Member States without a figure in this column have notified a target that is equal or better than the formula results.

	Notified indicative national contributions (Mtoe)	Notification period	Deviation from formula result ³	Notified indicative national contributions with max. 2,5% deviation (Mtoe)	Indicative national contributions that go in the mechanism of Article 4(5) (Mtoe)	Corrected indicative national contributions (Mtoe)
CY	1,81	January 2024		1,81		1,81
LV	3,54	January 2024	2,47%	3,54	3,54	3,46
LT	4,20	Draft NECP		4,20		4,25
LU	3,05	January 2024	11,42%	2,80	2,80	2,80
HU	17,91	Draft NECP	10,62%	16,60	16,60	16,17
MT	0,80	January 2024	16,95%	0,70	0,70	0,68
NL	38,41	January 2024		38,41		38,41
AT	21,97	January 2024	2,90%	21,88	21,88	21,61
PL	58,50	January 2024		58,50		58,50
PT	14,37	January 2024		14,37		14,37
RO	23,20	Draft NECP	1,95%	23,20	23,20	22,47
SI	4,43	Draft NECP	2,17%	4,43	4,43	4,32
SK	10,27	Draft NECP	19,55%	8,81	8,81	8,70
FI	20,60	January 2024		20,60		20,60
SE	30,11	January 2024	19,96%	25,73	25,73	25,41
EU	787,62	-	-	775,59	-	770,38
Gap (Mtoe)	24,62	-	-	12,59	-	7,38
EU target (%)	-8,9%	-	-	-10,3%	-	-10,9%

4. Next steps

With this note, the Commission informs the Member States on the application of the mechanism described in Article 4(5) and submits to the concerned Member States a corrected indicative national energy efficiency contribution for FEC, considering the updated 2020 Reference Scenario.

It should be recalled that, in accordance with Article 4(5) of the EED recast, Member States are required to use the corrected indicative national contribution that the Commission communicated as their indicative national contribution for FEC, in their final updated NECPs to be submitted in June 2024.

Should the Commission's assessment of the final updated NECP under Article 31 of the Regulation (EU) 2018/1999 on the Governance of the Energy Union and Climate Action ('Governance Regulation'), conclude that an ambition gap remains for the collective achievement of the Union's 2030 target for energy efficiency, the Commission shall propose measures and exercise its powers at Union level ('ambition gap filling mechanism').