

Energy Savings Certificates (ESCs)



Origins of the Energy Savings Certificates (ESCs) System

The origin of the Energy Savings Certificates (ESCs) System is due to the urgency of promoting energy saving. Through the implementation of energy efficiency initiatives, the aim is for Spain to comply with the commitments established with the European Union by virtue of the Energy Efficiency Directive. The main objective of its creation is to encourage investment in technologies that improve energy efficiency, thus stimulating the development of a specialised market in this field.

Process for applying for a Energy Savings Certificates (ESCs)

From 26 January 2023, actions that comply with the requirements of the Energy Efficiency Directive and that have obtained a favourable verification, will be able to apply for the issuance of ESCs through the electronic platform. After the assessment of the dossier by the Regional Manager, the National Coordinator will register the issued PPAs in the National Register. These ESCs may then be sold, purchased and settled.

What are Energy Savings Certificates (ESCs)?

ESCs certificate is a digital record that confirms that, by taking an action to improve energy efficiency, a further energy saving equivalent to 1 kWh has been achieved. For example, if an action results in an annual saving of 500 kWh, 500 EECs will be issued.

This system offers the possibility of converting energy savings into economic value, helping to recover part of the investment made in energy efficiency improvements, such



as changes in lighting, improvements in thermal insulation, upgrading industrial or domestic equipment, among other actions. With the publication of Royal Decree 36/2023 of 24 January, users can receive financial compensation when selling the energy savings obtained, which are then certified through the ESCs System.

Which actors are involved in the Energy Savings Certificates (ESCs)?

Up to five different types of actors are involved in the PCA system. Each of them participates in the process, as indicated below:

- **Obligated entities (SO):** gas and electricity trading companies, wholesale petroleum product operators and wholesale liquefied petroleum gas operators May
- Delegated Subjects (DS): a company accredited to assist obliged parties in obtaining PPAs by committing to the obliged parties to settle a certain amount of PPAs on their behalf each year.
- Owner of the savings: who has carried out the investment of an energy efficiency performance.
- **End-user:** who obtains a positive impact from the efficiency performance, and usually coincides with the original owner of the savings.
- **Energy savings verifier:** ENAC accredited entity that checks that the action has been carried out, that the documentation is correct and that the declared energy savings have been achieved.

What is the National Energy Efficiency Fund (FNEE)?

The National Energy Efficiency Fund aims to finance national energy efficiency initiatives, as set out in Article 20 of Directive 2012/27/EU of the European Parliament and of the Council.

In order to increase energy efficiency with the aim of achieving the national energy savings target, which is stated in Article 7 of the above-mentioned directive, the resources of the National Energy Efficiency Fund are earmarked for financing, technical assistance or training.

PPAs are a voluntary and alternative system to the NEET system.

How to get the Energy Savings Certificates (ESCs)?

With the measures promoted by the FNEE fund, it will not be possible to meet the energy saving targets at European and national level. For this reason, the ESC system



makes it possible to promote more energy saving initiatives than the NEEEF can take on, with the focus on contributing to the energy saving target set by several European Directives for 2030.

Only an independent entity such as <u>Applus+ Certification</u>, which has UNE EN ISO 14065: 2021 accreditation, can verify the energy savings obtained and check that the documentation by obligated parties and delegates complies with the requirements.

Who is the beneficiary of the Energy Savings Certificates (ESCs)?

Natural or legal persons who, being the owner, lessee or user of the facilities where an action to improve energy efficiency has been carried out, experience the benefits of the energy savings achieved, can benefit. For example, a company upgrading its electric motors or an individual replacing its old boiler with a heat pump.

What are the objectives of the Energy Savings Certificates (ESCs)?

The Energy Saving Certificate or ESCs aims to achieve energy savings, but it also allows to accomplish the following objectives:

- Verify the annual energy savings achieved by reviewing the veracity of the energy efficiency performance;
- That the information and documentation provided complies with the requirements set out in the catalogue or existing regulations, is complete and factually correct.
- Issue a verification report and opinion.
- Provide consumers with clear information on the energy efficiency of a property.
- Promote energy efficiency by reducing greenhouse gases.
- Contribute to meeting the 2030 final energy savings target.

What energy savings actions are required for the Energy Savings Certificates (ESCs)?

Performances can be standardised (replicable) or unique (with their own technical characteristics and particularities).

The standardised energy saving actions can be consulted in the catalogue made up of technical data sheets where the requirements that determine the annual final energy savings, measured in kWh, achieved by each action are specified in detail.



Standards and schemes related to the Energy Savings Certificate (ESC) System

There are a number of standards and schemes related to the ESC System that similarly promote sustainability.

ISO 50001

<u>ISO 50001</u> promotes best practices and behaviours in energy management and provides a framework to enhance energy efficiency throughout the supply chain.

Carbon footprint verification

<u>Carbon footprint verification</u> allows companies to measure the amount of greenhouse gases emitted in the course of their activities and thus **demonstrate their commitment to reducing the effects of climate change.** The verified emissions can be direct, such as production activities, or indirect, such as transport of goods or travel. The organisation must define both the periodicity of the verifications and the elements to be measured.

Why obtain Energy Savings Certificates (ESCs) with Applus+ Certification?

Applus+ Certification is an independent and prestigious body whose objective is to help organisations achieve their commitment to continuous improvement.

We are accredited UNE EN ISO 14065:2021 Greenhouse Gas Verification by ENAC, which allows us to perform Energy Saving Verification services and we are <u>recognised by the</u>

Ministry for Ecological Transition and the Demographic Challenge on its website.

We analyse clients' needs so that our verifiers provide a service that delivers maximum value and can help improve their environmental, social and governance goals.