

Triple-A Factsheet

Energy Efficiency Market
Architecture & Policy Framework:
The Dutch Case



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ENERGY EFFICIENCY MARKET ARCHITECTURE & POLICY FRAMEWORK: THE DUTCH CASE

Regulatory forces, market architecture, and the policy framework related to the energy efficiency investments in the Netherlands are considered from the perspective of the Triple-A identified and certified project cases and are put central by matching them to provide a hands-on example of effective energy efficiency financing in the Dutch context.

4 out of the 23 identified cases withstood the stress tests of the projects Assess, Assign and Agree Tools and of those all fell in Triple-A sector categories (1) **Buildings**, (2) **Industry**, and (3) **Transportation**, with one also touching on (4) **District Energy Networks**. The 23 cases combined required an initial investment of €65,5M and would offer an average annual energy savings of €3,5M.

National context

The Dutch government stimulates sustainable energy uptake and investments and acts strongly towards the **transition to a sustainable future**. This is clearly reflected in the scope and **number of sustainability schemes** available for Dutch businesses and citizens. Together, these schemes provide significant **financial benefits** and **foster larger energy efficiency investments** at an increased pace and are accompanied by increasingly stricter law- and regulations that, generally, go well beyond that of EU regulation.

Fossil fuels, especially **natural gas**, are less available in the Netherlands and the government is emphasizing on this matter by transitioning towards fossil fuel free housing at a rapid pace, while setting strict rules for industrial consumption. The strategy is to **transition to 100% sustainable energy** through a step-by-step process by 2030, and 70% of all electricity being generated in a sustainable way and in 2050 virtually all energy needs coming from sustainable sources and CO₂ neutral.

Two of the most present monitoring and regulations, as well as available incentives that foster sustainable investments are given:

Monitoring & Regulation

(1) The Energy Efficiency Notification obligation

Under the Dutch Environmental Management Activities Decree, organisations that use 50,000 kWh of electricity or 25,000 m³ of natural gas (or an equivalent) or more per year are obliged to take energy-saving measures with a payback period of 5 years or less. The Decree requires organisations in the Netherlands to save energy. The Dutch government has issued a **Recognised Energy Efficiency Measures List (EML)** for 19 business sectors and contains the energy efficiency measures that are accepted as energy saving measures. Organisations that do not report on time may be penalised financially in the form of a non-compliance penalty.

(2) National Inventory Entity

The Netherlands has one National System for monitoring and reporting greenhouse gases for the United Nations Convention of Climate Change (UNFCCC), the Kyoto Protocol, and the European Union (EU) monitoring obligations. The National System assures the quality of annual inventory reports. The core of this National System is the PRTR (in Dutch: emissieregistratie, ER). The PRTR holds one national dataset for emissions inventories covering some 350 air, water, and soil pollutants and is coordinated by the RIVM.

It is important to stress that by no means are the two monitoring and regulation frameworks listed above the entirety of the Dutch situation regarding the applicable rules and regulations impacting or fostering energy efficiency investments in the Netherlands with many more critically important rulesets at play depending on the case context.

Incentives and Schemes fostering Sustainable investments

(1) Environmental investment deduction (MIA) and Arbitrary depreciation of sustainable investments (Vamil)

Via the MIA and Vamil businesses can benefit from a tax deduction and/or arbitrary depreciation of their investments. The MIA allows companies to deduct up to 36% of the investment costs for an environmentally friendly investment on top of their regular investment tax deductions, and with the Vamil, businesses can decide when to write off 75% of these costs. The investments that apply for this scheme are provided in the EML.

(2) Energy Investment Allowance (EIA)

EIA is a tax deduction for energy-efficient technologies and sustainable energy investments. The calculated average tax reduction is 11% plus the reduction of the overall energy bill resulting from the investment. The EIA is a scheme targeted at companies, not at private individuals, associations, or foundations. Businesses can receive a tax deduction on clearly defined investments (specific) and for tailor-made investments (generic) that result in substantial energy savings and can deduct 45.5% of the investment costs from the taxable profit. This is possible on top of their usual depreciation. Companies can also get a deduction for customised investments resulting in substantial energy savings, but which are not on the EML. In this case, the investment must meet the defined savings standard.

As a general takeaway: the comparative number and scope of sustainability scheme's available and/or planned to target the enhancement and uptake of energy efficiency investments is significant and major financial benefits are available to businesses (and citizens), and readers are encouraged to explore further options presented in the Triple-A Dutch Synthesis report¹.

¹<https://aaa-h2020.eu/sites/default/files/reports/D6.3%20Triple-A%20Synthesis%20Paper%20for%20each%20case%20study.pdf>

TRIPLE-A IN BRIEF

Triple-A -Enhancing at an Early Stage the Investment Value Chain of Energy Efficiency Projects - is an EU-funded research project under the Horizon 2020 programme, aiming to assist financial institutions increase their deployment of capital in energy efficiency, making investments more transparent.

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Conclusions

To draw some main conclusions from these cases and to put them in the Dutch context:

1. The Netherlands proves to have **a favorable climate for EE investments** shown by the large number of schemes available to enhance the uptake of EE investments.
2. The policy and regulation framework that is in place **supports the introduction of EE measures** through the alleviation of market barriers with new supporting regulation to reflect.
3. Further, it aims to **smooth out the monitoring and reporting process** of EE investments through the single entity approach for national, EU, and global reporting of sustainability figures. Taking adequate steps to make this process **easier and more transparent**.

A further comparison between the participating Triple-A countries is provided in the European Synthesis paper², while the Dutch Synthesis paper¹ details the regulation, market architecture and policy framework applicable to the identified cases.



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² <https://aaa-h2020.eu/sites/default/files/reports/D6.4%20Triple-A%20European%20Synthesis%20Paper.pdf>

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