

THIRD SUPPLEMENT TO THE GIBRALTAR GAZETTE

No. 5289 GIBRALTAR Thursday 19th March 2026

B. 11/26

BILL

FOR

AN ACT to amend the Environmental Protection (Energy Efficiency) Act 2009 to update the previous energy efficiency framework, setting more ambitious energy efficiency targets for 2030 and introducing enhanced measures to achieve climate neutrality by 2050.

ENACTED by the Legislature of Gibraltar.

Title.

1. This Act may be cited as the Environmental Protection (Energy Efficiency) (Amendment) Act 2026.

Commencement.

2. This Act comes into operation on the day of publication.

Amendment of the Environmental Protection (Energy Efficiency) Act 2009.

3.(1) The Environmental Protection (Energy Efficiency) Act 2009 is amended in accordance with the provisions of this Act.

Amendment of Section 2.

4.(1) In section 2(1)(a) delete “2020 20% and 2030 32.5%”.

(2) In section 2(1)(a) add “; and” after “energy efficiency”.

(3) In section 2(2) delete “for 2020 and 2030”.

(4) Delete section 2(4).

Amendment of Section 3.

5. In section 3(1)-

(a) After the definition of “aggregator” insert-

““ambient energy” means naturally occurring thermal energy and energy accumulated in the environment with constrained boundaries, which can be stored in the ambient air, excluding in exhaust air, or in surface or sewage water;”;

- (b) After the definition of “cogeneration unit” insert-

““data centre” means a structure, or group of structures, dedicated to the centralised accommodation, interconnection and operation of information technology and network telecommunications equipment providing data storage, processing and transport services together with all the facilities and infrastructures for power distribution and environmental control together with the necessary levels of resilience and security required to provide the desired service availability;”;

- (c) Replace the definition of “Directive” with-

““Directive” means Directive 2023/1791 of the European Union and of the Council of 13 September 2023 recasting Directive 2012/27/EU;”;

- (d) Replace the definition of “efficient district heating and cooling” with-

““efficient district heating and cooling” means a district heating and cooling system meeting the criteria laid down in section 13B;”;

- (e) In the definition of “energy audit” insert “identifying the potential for cost-effective use or production of renewable energy” after “opportunities.”;

- (f) After the definition of “energy efficiency” insert-

““energy efficiency first” means taking utmost account in energy planning, and in policy and investment decisions, of alternative cost-efficient energy efficiency measures to make energy demand and energy supply more efficient, in particular by means of cost-effective end-use energy savings, demand response initiatives and more efficient conversion, transmission and distribution of energy, whilst still achieving the objectives of those decisions;”;

- (g) In the definition of “energy management system” insert “, including the monitoring of actual energy consumption, actions taken to increase energy efficiency and the measurement of progress” after “objective”;

- (h) After the definition of “energy performance contracting” insert-

““energy poverty” means a household’s lack of access to essential energy services, where such services provide basic levels and decent standards of living and health, including adequate heating, hot water, cooling, lighting, and energy to power appliances, in the relevant context, existing social and

other relevant policies in Gibraltar, caused by a combination of factors, including at least non-affordability, insufficient disposable income, high energy expenditure and poor energy efficiency of homes;”;

- (i) In the definition of “energy savings” remove “or both”;
- (j) In the definition of “energy savings” include “, or both,” after “consumption”;
- (k) After the definition of "energy savings" insert-

““energy system” means a system primarily designed to supply energy-services to satisfy the demand of end-use sectors for energy in the forms of heat, fuels, and electricity;

““engagement strategy” means a strategy that sets objectives, develops techniques and establishes the process by which to involve all relevant stakeholders at national or local level, including civil society representatives such as consumer organisations, in the policy-making process, with the goal of increasing awareness, obtaining feedback on such policies and improving their public acceptance;”;

- (l) Replace the definition of “final energy consumption” with-

““final energy consumption” or “FEC” means all energy supplied to industry, to transport, including energy consumption in international aviation, to households, to public and private services, to agriculture, to forestry, to fishing and to other end-use sectors, excluding energy consumption in international maritime bunkers, ambient energy and deliveries to the transformation sector and to the energy sector, and losses due to transmission and distribution as defined in Annex A to Regulation (EC) No 1099/2008;”;

- (m) After the definition of “final energy consumption” insert-

““final user” means a natural or legal person purchasing heating, cooling or domestic hot water for their own end use, or a natural or legal person occupying an individual building or a unit in a multi-apartment or multi-purpose building supplied with heating, cooling or domestic hot water from a central source, where such a person has no direct or individual contract with the energy supplier;”;

- (n) After the definition of “micro-generation unit” insert-

““micro-entity” means an enterprise which employs fewer than 10 persons and whose annual net turnover and/or annual balance sheet total does not exceed GBP 632,000 or whose balance sheet total does not exceed GBP 316,000;”;

- (o) In the definition of “obligated party” replace “or” with “,” and insert “or transmission system operator” after “sales company”;
- (p) Replace the definition of “primary energy consumption” with-
 - ““primary energy consumption” or “PEC” means gross available energy, excluding international maritime bunkers, final non-energy consumption and ambient energy;”;
- (q) After the definition of “smart metering system” insert-
 - ““split incentives” means the lack of fair and reasonable distribution of financial obligations and rewards relating to energy efficiency investments among the actors concerned, for example the owners and tenants or the different owners of building units, or owners and tenants or different owners of multi-apartment or multi-purpose buildings;
 - “statistically significant proportion and representative sample of the energy efficiency improvement measures’ means such a proportion and sample which require the establishment of a subset of a statistical population of the energy savings measures in question in such a way as to reflect the entire population of all energy savings measures, and thus allow for reasonably reliable conclusions regarding confidence in the totality of the measures;”;
- (r) After the definition of “substantial refurbishment” insert-
 - ““system efficiency” means the selection of energy-efficient solutions where they also enable a cost-effective decarbonisation pathway, additional flexibility and the efficient use of resources;”;
- (s) In the definition of “transmission system operator” replace “Directive 2009/72/EC” with “Directive (EU) 2019/944”.

Amendment of section 5.

- 6.(1) In subsection (2) delete “ensure” and insert “publish a report on its website in respect of the same” after “the competent authority shall”.
- (2) In subsection (3) replace “In notifying the targets under subsection (2)” with “When publishing the report referred to in subsection (2)”.
- (3) In subsection (3) replace “must also” with “shall”.
- (4) Replace subsection (4)(a) with-

“(a) the European Union’s 2030 final energy consumption target of no more than 763 Mtoe and the primary energy consumption target of no more than 992,5 Mtoe;”.

(5) Delete subsection (4)(c).

(6) In subsection (5)(b) insert “and demographic” after “GDP”.

(7) In subsection (5)(c) insert “, developments in the energy mix and the deployment of new sustainable fuels;”.

(8) In subsection (5)(d) remove “and” after “;”.

(9) In subsection (5)(e) replace “.” with “;”.

(10) In subsection (5)(e) insert “and actions in energy efficiency” after “early efforts”.

(11) After subsection (5)(e) insert-

“(f) the energy intensity of the economy;

(g) the remaining cost-effective energy-saving potential;

(h) the decarbonisation of energy intensive industries;

(i) the level of ambition in Gibraltar’s decarbonisation or climate neutrality plans;

(j) economic energy savings potential; and

(k) current climate conditions and climate change forecast.”.

Insertion of new Sections 5A and 5B.

7. After section 5 insert-

“Energy efficiency first principle.

5A.(1) The competent authority shall monitor the application of the energy efficiency first principle, including, where appropriate, sector integration and cross-sectoral impacts, where policy, planning and investment decisions are subject to approval and monitoring requirements.

(2) In accordance with the energy efficiency first principle, the competent authority shall ensure that energy efficiency solutions, including demand-side resources and system flexibilities, are assessed in planning, policy and major investment decisions of a value of more than the thresholds set out in Article 3(1) of the Directive.

(3) In applying the energy efficiency first principle, the competent authority shall-

- (a) promote and, where cost-benefit analyses are required, ensure the application of, and make publicly available, cost-benefit methodologies that allow proper assessment of the wider benefits of energy efficiency solutions where appropriate, taking into account the entire life cycle and long-term perspective, system and cost efficiency, security of supply and quantification from the societal, health, economic and climate neutrality perspectives, sustainability and circular economy principles in transition to climate neutrality;
- (b) address the impact on energy poverty;
- (c) identify an entity or entities responsible for monitoring the application of the energy efficiency first principle and the impacts of regulatory frameworks, including financial regulations, planning, policy and any major investment decisions on energy consumption, energy efficiency and energy systems.

Public sector leading on energy efficiency.

5B.(1) The competent authority shall ensure that the total final energy consumption of all public bodies combined is reduced by at least 1,9 % each year, when compared to 2021.

(2) For the purposes of subsection (1), the competent authority shall establish a baseline, which includes the final energy consumption of all public bodies.

(3) The competent authority may choose to exclude public transport from the obligation laid down in subsection (1). Where public transport is so excluded, it shall also be excluded from the baseline established under subsection (2). Energy consumption reduction of public transport shall be indicative but may still count for fulfilling the obligation under subsection (1) even if excluded from the baseline.

(4) During a transitional period ending on 11 October 2027, the target set out in subsection (1) shall be indicative. During that transitional period, the competent authority may use estimated consumption data, and, by 11 October 2027, shall adjust the baseline and align the estimated final energy consumption of all public bodies to the actual final energy consumption of all public bodies.

(6) The competent authority may take into account climatic variations within Gibraltar when calculating public bodies' final energy consumption.

(7) The competent authority may include in any updates to its integrated energy and climate plan the amount of energy consumption reduction to be achieved by all public bodies, disaggregated by sector, and the measures that it plans to adopt for the purpose of achieving those reductions.

(8) The competent authority shall establish specific energy efficiency measures in its long-term planning tools, such as decarbonisation or sustainable energy plans, after consulting relevant stakeholders, including energy agencies where appropriate, and the public, including, in particular, vulnerable groups which are at risk of being affected by energy poverty or are more susceptible to its effects.

(10) The competent authority shall also ensure that it takes actions to mitigate significant negative direct or indirect impacts of energy efficiency measures on energy poor, low-income households or vulnerable groups when designing and implementing energy efficiency measures.

(11) The competent authority shall support public bodies by-

- (a) providing financial and technical support for the purpose of taking up energy efficiency improvement measures;
- (b) encouraging public bodies to take into account the wider benefits beyond energy savings, including the quality of the indoor environment, at regional and local level;
- (c) providing guidelines;
- (d) promoting competence building, the acquisition of skills and training opportunities; and
- (e) encouraging cooperation among public bodies.

(12) The competent authority shall encourage public bodies to consider life cycle carbon emissions as well as the economic and social benefits of their investment and policy activities.

(13) The competent authority shall encourage public bodies to improve the energy performance of buildings owned or occupied by public bodies, including by means of the replacement of old and inefficient heaters.”.

Amendment of section 6.

8. In subsection (4)(c) insert “or zero emission buildings” after “nearly zero-energy buildings”.

Amendment of section 7.

9.(1) Replace subsection (1) with –

“(1) The competent authority must ensure that at least 3% of the total floor area of heated and/or cooled buildings that are owned by public bodies is renovated each year to be transformed into at least nearly zero-energy buildings or zero-emission buildings

in accordance with the Environment (Energy Performance of Buildings) Regulations 2012.”.

(2) Replace subsection (2) with-

“(2) The rate of at least 3% referred to in subsection (1) shall be calculated on the total floor area of buildings which have a total useful floor area of over 250 m², that are owned by public bodies and that, on 1 January 2024, were not nearly zero-energy buildings. The competent authority may choose which buildings to include in the 3% renovation requirement, giving due consideration to cost-effectiveness and technical feasibility in the choice of buildings to renovate.”.

(3) After subsection (2) insert-

“(2A) Where public bodies occupy a building that they do not own, they shall negotiate with the owner, in particular when reaching a trigger point such as the renewal of rental, change of use, significant repair or maintenance work, with the aim of establishing contractual clauses for the building to become at least a nearly zero-energy building or a zero-emission building.

(2B) The competent authority may exempt social housing from the obligation to renovate referred to in subsection (1) where such renovations would not be cost neutral or would lead to rent increases for people living in social housing unless such rent increases are no higher than the economic savings on the energy bill.”.

(4) Replace subsection (10) with-

“(10) The competent authority shall, for the purposes of this section, establish and make publicly available and accessible an inventory of heated and/or cooled buildings that are owned or occupied by public bodies and that have a total useful floor area of more than 250 m². The competent authority shall update that inventory at least every two years. The inventory shall be linked to the building stock overview carried out in the framework of the national building renovation plans.”.

(5) Replace subsection (11) with-

“(11) The inventory referred to in subsection (10) shall contain at least the following data-

- (a) the floor area in m²;
- (b) the measured annual energy consumption of heat, cooling, electricity and hot water when those data are available; and
- (c) the energy performance certificate of each building issued in accordance with the Environment (Energy Performance of Buildings) Regulations 2012.”.

(6) After subsection (11) insert-

“(11A) The competent authority may decide to apply an alternative approach to that set out in subsections (1) to (4) for the purpose of achieving, every year, an amount of energy savings in the buildings of public bodies which is at least equivalent to the amount required in subsection (1).

(11B) For the purpose of applying the alternative approach referred to in subsection (1), the competent authority shall-

- (a) ensure that, each year, a renovation passport is introduced, where applicable, for buildings representing at least 3% of the total floor area of heated and/or cooled buildings that are owned by public bodies, and for those buildings, the renovation to nearly zero-energy building shall be achieved at the latest by 2040; and
- (b) estimate the energy savings that subsections (1) to (4) would generate by using appropriate standard values for the energy consumption of reference public bodies' buildings before and after renovation to be transformed into nearly zero-energy buildings.”.

Amendment to section 9.

10.(1) Replace subsection (1)(b) with-

“(b) new savings each year from 1 January 2021 to 31 December 2030 of-

- (i) 0.8% of annual final energy consumption from 1 January 2021 to 31 December 2023, averaged over the most recent three-year period preceding 1 January 2019;
- (ii) 1.3% of annual final energy consumption from 1 January 2024 to 31 December 2025, averaged over the most recent three-year period preceding 1 January 2019;
- (iii) 1.5% of annual final energy consumption from 1 January 2026 to 31 December 2027, averaged over the most recent three-year period preceding 1 January 2019;
- (iv) 1.9% of annual final energy consumption from 1 January 2028 to 31 December 2030, averaged over the most recent three-year period preceding 1 January 2019.”.

(2) After subsection (3) insert-

“(3A) The competent authority shall implement energy efficiency obligation schemes, alternative policy measures, or a combination of both, or programmes or measures financed under a national energy efficiency fund, as a priority among, but not

limited to, people affected by energy poverty, vulnerable customers, people in low-income households and, where applicable, people living in social housing. The competent authority shall ensure that policy measures implemented pursuant to this section have no adverse effect on those persons.

(3B) The competent authority shall establish and achieve a share of the required amount of cumulative end-use energy savings among people affected by energy poverty, vulnerable customers, people in low-income households and, where applicable, people living in social housing. This share shall at least be equal to the proportion of households in energy poverty as assessed in the competent authority's national energy and climate report.

(3C) The competent authority shall, in its assessment of the share of energy poverty in the national energy and climate plans, consider the following indicators-

- (a) the inability to keep the home adequately warm;
- (b) arrears on utility bills;
- (c) the total population living in a dwelling with a leaking roof, damp walls, floors or foundation, or rot in window frames or floor; and
- (d) at-risk-of-poverty rate (cutoff point: 60% of median equivalised income after social transfers).".

(3) Replace subsection (12) with-

“(12) The competent authority shall, when designing policy measures referred to in this section 9, require that-

- (a) a share of the energy efficiency measures under energy efficiency obligation schemes;
- (b) alternative policy measures; or
- (c) programmes or measures financed under the Energy Efficiency Fund referred to in section 13H(2)(a),

are implemented as a priority among people affected by energy poverty, vulnerable customers, people in low-income households and, where applicable, people living in social housing. The share implemented among such persons shall at least be equal to the proportion of households in energy poverty as assessed in the national energy and climate plans.”.

Amendment of Section 10.

11. After subsection (9) insert-

- “(9A) The competent authority shall ensure that enterprises with an average annual consumption higher than 85 TJ of energy over the previous three years, taking all energy carriers together, implement an energy management system.
- (9B) The energy management system referred to in subsection (9A) shall be certified by an independent body in accordance with the relevant European or international standards.
- (9C) The competent authority shall ensure that enterprises with an average annual consumption of more than 10 TJ of energy over the previous three years, taking all energy carriers together, and which do not implement an energy management system, are subject to an energy audit.
- (9D) The energy audits referred to in subsection (9C) shall be carried out in an independent and cost-effective manner by qualified or accredited experts in accordance with Schedule 9 or implemented and supervised by independent authorities.
- (9E) The energy audits referred to in subsection (9C) shall be carried out at least every four years from the date of the previous energy audit.
- (9F) Enterprises subject to the requirements of subsections (9A) or (9C) shall draw up a concrete and feasible action plan on the basis of the recommendations arising from the energy audit or the energy management system, and shall submit it to the management of the enterprise.
- (9G) The competent authority shall ensure that the Action Plans referred to in subsection (9F) and the recommendation implementation rate are published in the enterprise's annual report, and that they are made publicly available, subject to European Union and Gibraltar law protecting trade and business secrets and confidentiality.
- (9H) Where, in any given year, an enterprise as referred to in subsection (9A) has an annual consumption of more than 85 TJ and where an enterprise as referred to in subsection (9C) has an annual consumption of more than 10 TJ, the competent authority shall ensure that that information is made available to the authorities responsible for implementation of this section.”.

Insertion of new Section 10A.

12. After section 10 insert-

“Data centres.

10A.(1) On a date to be published by the Minister in the Gazette and every year thereafter, the competent authority shall require owners and operators of data centres in Gibraltar with a power demand of the installed information technology

of at least 500 kW, to make the information set out in Schedule 10B publicly available, except for information subject to Gibraltar law protecting trade and business secrets and confidentiality.

- (2) Subsection (1) shall not apply to data centres used for, or providing their services exclusively with the final aim of, defence and civil protection.
- (3) The competent authority shall encourage owners and operators of data centres in Gibraltar with a power demand of the installed information technology equal to or greater than 1 MW to take into account the best practices referred to in the most recent version of the European Code of Conduct on Data Centre Energy Efficiency.
- (4) The competent authority shall ensure that data centres with a total rated energy input exceeding 1 MW utilise the waste heat or other waste heat recovery applications unless they can show that it is not technically or economically feasible in accordance with the assessment referred to in section 13B(8).
- (5) The competent authority shall ensure that in order to assess the economic feasibility of increasing energy efficiency of heat and cooling supply, an installation level cost-benefit analysis in accordance with Part 2 of Schedule 12 is carried out where a data centre with a total rated energy input exceeding 1 MW is newly planned or substantially refurbished, in order to assess the cost and benefit analysis, including, but not limited to, technical feasibility, cost-efficiency and the impact on energy efficiency and local heat demand, including seasonal variation, of utilising the waste heat to satisfy economically justified demand, and of the connection of that installation to a district heating network or an efficient district cooling system or other waste heat recovery applications.
- (6) The cost-benefit analysis referred to in subsection (5) shall consider cooling system solutions that allow removing or capturing the waste heat at useful temperature level with minimal ancillary energy inputs.
- (7) The competent authority may exempt data centres from subsection (5) where the data centre's waste heat is or will be used in a district heating network or directly for space heating, domestic hot water preparation or other uses in the building or group of buildings or facilities where it is located.”.

Amendment to Section 11.

13. In subsection (1) replace “electricity, natural gas” with “electricity and natural gas”.

Amendment to Section 13A.

14.(1) In section 13A(2)(iii) insert “in accessible form to people with disabilities” after “provision”.

(2) After section 13A(2)(v) insert-

“(vi) publicly supported energy consumption assessments and targeted advisory services and support for household consumers, in particular people affected by energy poverty, vulnerable customers and, where applicable, people living in social housing;

(vii) targeted advisory services for SMEs and microenterprises;

(viii) training activities;

(ix) digital tools;

(x) engagement strategies.

(2A) For the purposes of this section, the measures referred to in subsection (2) shall include the creation of a supportive framework, in particular for-

(a) the creation of one-stop shops or similar mechanisms for the provision of technical, administrative and financial advice and assistance on energy efficiency, such as energy checks for households, energy renovations of buildings, information on the replacement of old and inefficient heating systems with modern and more efficient appliances and the take-up of renewable energy and energy storage for buildings to final customers and final users, especially household and small non-household ones, including SMEs and microenterprises;

(b) cooperation with providers of energy audits and energy consumption assessments, financing solutions and execution of energy renovations;

(c) the communication of cost-effective and easy-to-achieve changes in energy use;

(d) the dissemination of information on energy efficiency measures and financing instruments;

(e) the provision of single points of contact, to provide final customers and final users with all necessary information concerning their rights, the applicable law and the dispute-settlement mechanisms available to them in the event of a dispute. Such single points of contact may be part of general consumer information points.

(2B) For the purpose of this section, the competent authority shall establish dedicated one-stop shops or similar mechanisms for the provision of technical, administrative and financial advice for energy efficiency. Those facilities shall-

(a) advise with streamlined information on technical and financial possibilities and solutions to households, SMEs, microenterprises, public bodies;

- (b) provide holistic support to all households, with a particular focus on households affected by energy poverty and on worst performing buildings, as well as to accredited companies and installers providing retrofit services, adapted to different housing typologies and geographical scope, and provide support covering the different stages of the retrofit project, including to facilitate the implementation of a minimum energy performance standard;
- (c) advise on energy consumption behaviour;
- (d) provide information about qualified energy efficiency professionals;
- (e) collect typology-aggregated data from energy efficiency projects, share experiences and make them publicly available;
- (f) connect potential projects with market players, in particular smaller-scale, local projects;
- (g) offer dedicated services for people affected by energy poverty, vulnerable customers and people in low-income households.

(2C) Measures to remove regulatory and non-regulatory barriers, in addition to those set out in section 13G, may include-

- (a) providing incentives;
- (b) repealing or amending legal or regulatory provisions;
- (c) adopting guidelines and interpretative communications;
- (d) simplifying administrative procedures, including national rules and measures regulating decision-making processes in multi-owner properties; and
- (e) the possibility to turn to third-party financing solutions.

(2D) The measures may be combined with the provision of education, training and specific information and technical assistance on energy efficiency such as those referred to in subsection (1).

(2E) The competent authority shall take appropriate measures to support a multilateral dialogue among relevant partners, such as public authorities and agencies, social partners, owners' and tenants' organisations, consumer organisations, energy distributors or retail energy sales companies, ESCOs, renewable energy communities, citizen energy communities, public authorities and agencies, with the aim of setting out proposals on jointly accepted measures, incentives and guidelines pertinent to split incentives between owners and tenants or among owners of a building or building unit.”

Insertion of new Section 13AB.

15. After section 13A insert-

“Empowering and protecting vulnerable customers and alleviating energy poverty.

13AB.(1) Without prejudice to Gibraltar’s economic and social policies, the competent authority shall take appropriate measures to empower and protect people affected by energy poverty, vulnerable customers, people in low-income households and, where applicable, people living in social housing.

- (2) In defining the concept of vulnerable customers, the competent authority shall take into account final users.
- (3) Without prejudice to Gibraltar’s economic and social policies, the competent authority shall implement energy efficiency improvement measures and related consumer protection or information measures, in particular those set out in section 9(3A) and section 13A of this Act, as a priority among people affected by energy poverty, vulnerable customers, people in low-income households and, where applicable, people living in social housing to alleviate energy poverty.
- (4) To support people affected by energy poverty, vulnerable customers, people in low-income households and, where applicable, people living in social housing, the competent authority shall, where applicable-
 - (a) implement energy efficiency improvement measures to mitigate distributional effects from other policies and measures, implemented in accordance with section 9B of this Act, or the application of emissions trading;
 - (b) make the best possible use of public funding available for investments into energy efficiency improvement measures as priority actions;
 - (c) carry out early, forward-looking investments in energy efficiency improvement measures before distributional impacts from other policies and measures show their effect;
 - (d) foster technical assistance and the roll-out of enabling funding and financial tools, such as on-bill schemes, local loan-loss reserve, guarantee funds, funds targeting deep renovations and renovations with minimum energy gains;
 - (e) foster technical assistance for social actors to promote vulnerable customers' active engagement in the energy market, and positive changes in their energy consumption behaviour; and

- (f) ensure access to finance, grants or subsidies bound to minimum energy gains and thus facilitate access to affordable bank loans or dedicated credit lines.
- (5) The competent authority shall establish a network of experts from various sectors such as the health, building and social sectors, or entrust an existing network, to develop strategies to support decision makers in implementing energy efficiency improvement measures, technical assistance and financial tools aiming to alleviate energy poverty.
- (6) The competent authority shall strive to ensure that the composition of the network referred to in subsection (5) of experts ensures gender balance and reflects the perspectives of all people.
- (7) The competent authority may entrust the network of experts referred to in subsection (5) to offer advice on-
 - (a) definitions, indicators and criteria of energy poverty, energy poor and vulnerable customers, including final users;
 - (b) the development or improvement of relevant indicators and data sets, pertinent to the issue of energy poverty, that should be used and reported upon;
 - (c) methods and measures to ensure affordability of living costs, the promotion of housing cost neutrality, or ways to ensure that public funding invested in energy efficiency improvement measures benefit both owners and tenants of buildings and building units, in particular regarding people affected by energy poverty, vulnerable customers, people in low-income households, and, where applicable, people living in social housing; and
 - (d) measures to prevent or remedy situations in which particular groups are more affected or more at risk of being affected by energy poverty or are more susceptible to the adverse impacts of energy poverty such as on the basis of their income, gender, health condition or membership of a minority group, and demographics.”.

Amendment of Section 13B.

16.(1) After subsection (1) insert-

“(1A) In order to ensure more efficient consumption of primary energy and to increase the share of renewable energy in heating and cooling supply going into the network, an efficient district heating and cooling system shall meet the following criteria-

- (a) until 31 December 2027, a system using at least 50 % renewable energy, 50 % waste heat, 75 % cogenerated heat or 50 % of a combination of such energy and heat;

- (b) from 1 January 2028, a system using at least 50 % renewable energy, 50 % waste heat, 50 % renewable energy and waste heat, 80 % of high-efficiency cogenerated heat or at least a combination of such thermal energy going into the network where the share of renewable energy is at least 5 % and the total share of renewable energy, waste heat or high-efficiency cogenerated heat is at least 50 %;
- (c) from 1 January 2035, a system using at least 50 % renewable energy, 50 % waste heat or 50 % renewable energy and waste heat, or a system where the total share of renewable energy, waste heat or high-efficiency cogenerated heat is at least 80 % and in addition the total share of renewable energy or waste heat is at least 35 %;
- (d) from 1 January 2040, a system using at least 75 % renewable energy, 75 % waste heat or 75 % renewable energy and waste heat, or a system using at least 95 % renewable energy, waste heat and high-efficiency cogenerated heat and in addition the total share of renewable energy or waste heat is at least 35 %;
- (e) from 1 January 2045, a system using at least 75 % renewable energy, 75 % waste heat or 75 % renewable energy and waste heat;
- (f) from 1 January 2050, a system using only renewable energy, only waste heat, or only a combination of renewable energy and waste heat.

(1B) The competent authority shall ensure that as from 1 January 2025, and every five years thereafter, operators of all existing district heating and cooling systems with a total heat and cold output exceeding 5 MW and which do not meet the criteria set out in subsection (1) (b) to (e), prepare a plan to ensure more efficient consumption of primary energy, to reduce distribution losses and to increase the share of renewable energy in heating and cooling supply.”.

(2) Replace subsection (8) with-

“(8) In order to assess the economic feasibility of increasing energy efficiency of heat and cooling supply, Member States shall ensure that an installation level cost-benefit analysis in accordance with Annex XI is carried out where the following installations are newly planned or substantially refurbished-

- (a) a thermal electricity generation installation with an average annual total energy input exceeding 10 MW, in order to assess the cost and benefits of providing for the operation of the installation as a high-efficiency cogeneration installation;

- (b) an industrial installation with an average annual total energy input exceeding 8 MW in order to assess utilisation of the waste heat on-site and off-site;
- (c) a service facility with an annual average total energy input exceeding 7 MW, such as wastewater treatment facilities and LNG facilities, in order to assess utilisation of waste heat on-site and off-site;
- (e) a data centre with a total rated energy input exceeding 1 MW level in order to assess the cost and benefit analysis, including, but not limited to, technical feasibility, cost-efficiency and the impact on energy efficiency and local heat demand, including seasonal variation, of utilising the waste heat to satisfy economically justified demand, and of the connection of that installation to a district heating network or an efficient/RES-based district cooling system or other waste heat recovery applications.”.

(3) After subsection (8) insert-

“(8A) The competent authority shall ensure that data centres with a total rated energy input exceeding 1 MW utilise the waste heat or other waste heat recovery applications unless they can show that it is not technically or economically feasible in accordance with the assessment referred to in subsection (8).”.

Amendment of Section 13C.

17. In subsection (1) insert “, and the energy first principle where relevant,” after “energy efficiency”.

Amendment of Schedule 5.

18. In Schedule 5, in paragraph 1(b) replace “.” with “;” and after paragraph 1(b) insert-

- “(c) for cogeneration units that are built or substantially refurbished after the transposition of this Annex, direct emissions of the carbon dioxide from cogeneration production that is fuelled with fossil fuels, are less than 270 gCO₂ per 1 kWh of energy output from the combined generation (including heating/cooling, power and mechanical energy);
- (d) cogeneration units in operation before 10 October 2023, may derogate from this requirement until 1 January 2034 provided that they have a plan to reduce progressively the emissions to meet the threshold of less than 270 gCO₂ per 1 kWh by 1 January 2034 and that they have notified this plan to relevant operators and competent authorities.

When a cogeneration unit is built or substantially refurbished, Member States shall ensure that there is no increase in the use of fossil fuels other than natural gas in existing heat sources compared to the annual consumption averaged over the previous three

calendar years of full operation before refurbishment, and that any new heat sources in that system do not use fossil fuels other than natural gas.”.

Amendment of Schedule 8.

19.(1) In Schedule 8, in paragraph 1(d) replace “.” with “;” and after paragraph 1(b) insert-

“(e) when calculating the energy savings for the purpose of section 9(1) that can be counted to fulfil the obligation in that section, the competent authority may estimate the energy savings of people affected by energy poverty, vulnerable customers, people in low-income households and, where applicable, people living in social housing on the basis of engineering estimates using standardised occupancy and thermal comfort conditions or parameters.”.

(2) In Schedule 8, after paragraph 2(b) insert-

“(ba) The competent authority shall demonstrate that one of the objectives of the policy measure, whether new or existing, is the achievement of end-use energy savings pursuant to section 9(1) and shall provide evidence and their documentation showing that the energy savings are caused by a policy measure, including voluntary agreements.

(bb) the savings shall be shown to be additional to those that would have occurred in any event without the activity of the obligated, participating or entrusted parties, or implementing public authorities. To determine the savings that can be claimed as additional, the competent authority shall have regard to how energy use and demand would evolve in the absence of the policy measure in question by taking into account at least the following factors: energy consumption trends, changes in consumer behaviour, technological progress and changes caused by other measures implemented by the competent authority.

(bc) end-use energy savings resulting from the implementation of energy efficiency improvement measures taken pursuant to emergency regulations under Article 122 TFEU may be claimed for the purpose of section 9(1), provided that they result in verifiable and measurable or estimable end-use energy savings, with the exception of those energy savings resulting from rationing or curtailment measures.

(bd) any measures taken pursuant to Regulation (EU) 2018/842 can be considered material, but the competent authority has to show that they result in verifiable and measurable or estimable end-use energy savings. The calculation of energy savings shall comply with this Schedule.”.

(3) In Schedule 8, replace paragraph 2(d) with-

“(d) policies with the purpose of encouraging higher levels of energy efficiency of products, equipment, transport systems, vehicles and fuels, buildings and building elements, processes or markets shall be permitted, except for policy measures-

- (i) regarding the use of direct combustion of fossil fuel technologies that are newly implemented as from 1 January 2026; and
- (ii) subsidising the use of direct combustion of fossil fuel technologies in residential buildings as from 1 January 2026.”.

(4) In Schedule 8, after paragraph 2(d) insert-

“(da) energy savings as a result of policy measures newly implemented as from 1 January 2024 regarding the use of direct fossil fuel combustion in products, equipment, transport systems, vehicles, buildings or works shall not count towards the fulfilment of energy savings obligation pursuant to section 9(1)(b). In the case of policy measures promoting combinations of technologies, the share of energy savings related to the fossil fuel combustion technology are not eligible as from 1 January 2024.

(db) by way of derogation from paragraph (da), for the period 1 January 2024 to 31 December 2030, energy savings from direct fossil fuel combustion technologies improving the energy efficiency in energy intense enterprises in the industry sector may be counted as energy savings only for the purpose of section 9(1), (b) and (c), until 31 December 2030, provided that-

(i) the enterprise has carried out an energy audit pursuant to section 10 and an implementation plan including-

-an overview of all cost-effective energy efficiency measures with a payback period of five years or less, on the basis of simple pay-back period methodologies provided by the competent authority;

-a timeframe for the implementation of all recommended energy efficiency measures with a payback period of five years or fewer;

-a calculation of expected energy savings resulting from the energy efficiency measures recommended; and

-energy efficiency measures related to the use of direct fossil fuel combustion technologies with the relevant information needed for-

-proving that the measure identified does not increase the amount of energy needed or the capacity of an installation,

-justifying that the uptake of sustainable, non-fossil fuel technologies is technically not feasible,

-showing that the direct fossil fuel combustion technology complies with the most up-to-date corresponding European Union emission performance legislation and prevents technology lock-in effects by

ensuring future compatibility with climate-neutral alternative non-fossil fuels and technologies.

- (ii) the continuation of the use of direct fossil fuel technologies is an energy efficiency measure to decrease energy consumption with a payback period of five years or less, on the basis of simple pay-back period methodologies provided by the competent authority, recommended as result of an energy audit pursuant to section 10 and included in the implementation plan;
- (iii) the use of direct fossil fuel technologies complies with the most up-to-date corresponding European Union emission performance legislation, does not lead to technology lock-in effects and ensures future compatibility with climate-neutral alternative fuels and technologies;
- (iv) the use of direct fossil fuel technologies in the enterprise does not lead to an increased energy consumption or increase the capacity of the installation in that enterprise;
- (v) evidence is provided that no alternative, sustainable non-fossil fuel solution was technically feasible;
- (vi) the use of direct fossil fuel technologies result in verifiable and measurable or estimable end-use energy savings calculated in accordance with this schedule;
- (vii) evidence is published on a website or is made publicly available for all interested citizens;”.

(5) In Schedule 8, after paragraph 2(e) insert-

“(ea) measures promoting the installation of solar thermal technologies may be eligible to be taken into account for the fulfilment of energy savings required under section 9(1) provided that they result in verifiable and measurable or estimable end-use energy savings. The heat produced by solar thermal technologies from solar radiation can be excluded from their end-use energy consumption.”.

(6) In Schedule 8, replace paragraph 2(f) with-

“(f) for policies that accelerate the uptake of more efficient products and vehicles, except those newly implemented as from 1 January 2024 regarding the use of direct fossil fuel combustion, full credit may be claimed, provided that it is shown that such uptake takes place before the expiry of the average expected lifetime of the product or vehicle, or before the product or vehicle would usually be replaced, and the savings are claimed only for the period until the end of the average expected lifetime of the product or vehicle to be replaced.”.

(7) In Schedule 8, in paragraph 3(h) replace “.” with “;” and after paragraph (3)(h) insert-

“(i) the activities of the participating party, entrusted party or implementing public authority have no adverse effects on people affected by energy poverty, vulnerable customers and, where applicable, people living in social housing.”.

(8) In Schedule 8, replace paragraph 4 with –

“4. In determining the energy savings from taxation-related policy measures introduced under section 9B, the following principles shall apply-

- (a) credit shall be given only for energy savings from taxation measures exceeding the minimum levels of taxation applicable to fuels as required in Council Directive 2003/96/EC or 2006/112/EC;
- (b) short-run price elasticities for the calculation of the impact of the energy taxation measures shall represent the responsiveness of energy demand to price changes, and shall be estimated on the basis of recent and representative official data sources, which are applicable for the competent authority, and, where applicable, on the basis of accompanying studies from an independent institute. If a different price elasticity than short-run elasticities is used, the competent authority shall explain how energy efficiency improvements due to the implementation of other European Union legislation have been included in the baseline used to estimate the energy savings, or how a double-counting of energy savings from other European Union legislation has been avoided;
- (c) the energy savings from accompanying taxation policy instruments, including fiscal incentives or payment to a fund, shall be accounted separately;
- (d) short-run elasticity estimates should be used to assess the energy savings from taxation measures to avoid overlap with European Union law and other policy measures;
- (e) The competent authority shall determine distributional effects of taxation and equivalent measures on people affected by energy poverty, vulnerable customers and, where applicable, people living in social housing, and show the effects of the mitigation measures implemented in accordance with section 13AB.
- (f) the competent authority shall provide evidence, including calculation methodologies, that where there is an overlap in the impact of energy or carbon taxation measures or emissions trading in accordance with Directive 2003/87/EC, there is no double counting of energy savings.”.

(9) In Schedule 8, after paragraph 5(a) insert-

“(ab) how the calculated quantity of new energy savings required under section 9(1), or energy savings expected to be achieved will be phased over the obligation period;”.

(10) In Schedule 8, after paragraph 5(d) insert-

“(da) policy measures or programmes or measures financed under a national energy efficiency fund implemented as a priority among people affected by energy poverty, vulnerable customers and, where applicable, people living in social housing;

(db) the share and the amount of energy savings to be achieved among people affected by energy poverty, vulnerable customers and, where applicable, people living in social housing;

(dc) where applicable, the indicators applied, the arithmetic average share and the outcome of policy measures established pursuant to sections 9(3A)-(3C);

(dd) where applicable, impacts and adverse effects of policy measures implemented pursuant to Article 8(3) on people affected by energy poverty, vulnerable customers and, where applicable, people living in social housing;

(de) where applicable, the amount of energy savings or cost reduction targets to be achieved by obligated parties among people affected by energy poverty, vulnerable customers and, where applicable, people living in social housing;”.

(11) In Schedule 8, after paragraph 5(k)(v) insert-

“(vi) how overlaps with EU ETS in accordance with Directive 2003/87/EC have been avoided and the risk of double counting has been abolished.”.

Amendment of Schedule 9.

20. In Schedule 9, after subparagraph (b) insert-

“(ba) identify energy efficiency measures to decrease energy consumption;

(bb) identify the potential for cost-effective use or production of renewable energy;”.

Amendment of Schedule 10A.

21. In Schedule 10A, in paragraph 3(b) replace “Member States” with “The competent authority”.

Insertion of new Schedule 10B.

22. After Schedule 10A insert-

“SCHEDULE 10B

Section 10A

Minimum Requirements for Monitoring and Publishing the Energy Performance of Data Centres

The following minimum information shall be monitored and published with regard to the energy performance of data centres referred to in section 10A-

- (a) the name of the data centre, the name of the owner and operators of the data centre, the date on which the data centre started its operations and the municipality where the data centre is based;
- (b) the floor area of the data centre, the installed power, the annual incoming and outgoing data traffic, and the amount of data stored and processed within the data centre;
- (c) the performance, during the last full calendar year, of the data centre in accordance with key performance indicators about, inter alia, energy consumption, power utilisation, temperature set points, waste heat utilisation, water usage and use of renewable energy, using as a basis, where applicable, the CEN/CENELEC EN 50600-4 'Information technology - Data centre facilities and infrastructures.’’.

EXPLANATORY MEMORANDUM

This Bill amends the Environmental Protection (Energy Efficiency Act) 2009 to-

- (1) Update definitions to include key terms such as "energy efficiency first", "energy poverty", "data centre", "ambient energy", "system efficiency" and "final energy consumption";
- (2) Establish the energy efficiency first principle requiring energy efficiency solutions to be assessed in planning, policy and major investment decisions;
- (3) Require the public sector to reduce total final energy consumption by at least 1.9% annually compared to 2021;
- (4) Mandate renovation of at least 3% of public buildings annually to nearly zero-energy or zero-emission standard;
- (5) Increase cumulative end-use energy savings obligations progressively from 0.8% (2021-2023) to 1.9% (2028-2030) of annual final energy consumption;
- (6) Require priority implementation of energy efficiency measures for people affected by energy poverty, vulnerable customers and low-income households;

- (7) Mandate energy management systems for enterprises consuming over 85 TJ annually and energy audits for those consuming over 10 TJ;
- (8) Introduce monitoring and waste heat utilisation requirements for data centres;
- (9) Establish one-stop shops for energy efficiency advice and support;
- (10) Set progressive efficiency criteria for district heating and cooling systems leading to 100% renewable/waste heat by 2050; and
- (11) Update energy savings calculation methods, including restrictions on fossil fuel technologies from 2024/2026.

The Bill contributes to the European Union's objective of reducing greenhouse gas emissions by at least 55% by 2030 and achieving climate neutrality by 2050.

**Printed by the Gibraltar Chronicle Printing Limited
Unit 3, New Harbours
Government Printers for Gibraltar,
Copies may be purchased at 6, Convent Place, Price. £2.00.**