Since the early 1990’s, the Ministry of Economic Affairs, Agriculture and Innovation has been making long-term agreements (or covenants) with various industrial and non-industrial sectors as part of Dutch energy policy. The voluntary long-term agreements (LTAs), are aimed at promoting energy savings in the Netherlands. Target is to substantially reduce the required energy per unit product or service. The current LTAs span the period 2005 to 2020. Medium-sized – and sometimes smaller – enterprises take part in LTA. Larger energy-intensive companies participate in the LEE Covenant (Long-Term Agreement on Energy Efficiency for ETS enterprises). LTA is signed by two Government Ministers (Economic Affairs, Agriculture and Innovation and Infrastructure and the Environment), the provincial authorities, the Association of Dutch Local Authorities (VNG), the participating companies and relevant trade organizations. Over 1,000 companies and over 40 sectors have signed the LTAs.

Correlation with local policy
Provincial and local authorities (Competent Authorities) control environmental laws. They pursue an active climate policy, which is also directed at local companies. LTA makes it easy for local authorities to call attention to these possibilities. Competent Authorities can minimize the number of checks on environmental law enforcement at LTA participants. The Competent Authorities deal with the energy consumption of companies within their boundaries through legislation and regulation. Under the Environmental Management Act, energy efficiency requirements are imposed when environmental licences are granted.

Energy efficiency plan
Every four years, LTA companies must draft an energy efficiency plan (EEP) mapping out the company’s energy efficiency goals, the measures intended to employ, and a schedule for reaching the goals. Thus an EEP is the realization of the energy paragraph in the environmental licence.

An EEP describes measures for improving energy efficiency within the company’s production process. But saving energy is not only limited to what a company can realize within it’s own processes. The biggest gains are realized in the product and supply chain. That is why LTA and thus the EEP has a broader perspective: it also covers energy management and product and supply chain efficiency.

An EEP encompasses more for the company than just complying with regulations. The EEP is a tool for planning the internal process. In the EEP it has been listed when definite measures will be taken within the period of the EEP. The company is thereupon required to monitor whether these measures are implemented, and which progress they have made as a result of the implementation.

Process efficiency measures
It is required that LTA companies practice process efficiency measures that are cost effective. In other words, the company can recoup the costs in less than five years.
**Energy management**

LTA participants practice systematic energy management in the company. This should encourage companies to remain consistently focused on their energy consumption.

Energy management stands for continual completion of the PDCA-cycle:

PLAN → DO → CHECK → ACT

Meaning: defining company policy and setting goals; planning actions; implementing measures; monitoring and assessing results; and, based on these former steps, confirming the company policy, or making an interim revision.

**Product and supply chain efficiency**

The total use of energy within the total life cycle of a product from raw materials up to disposal (cradle to grave) is taken into account. The energy efficiency can be improved by:

• improving performance of products function;
• reduction of required materials and resources;
• more efficient transportation, or savings in the use phase (lower energy consumption, lifetime extension), or savings resulting from efficient and effective disposal of products (reuse, recycling / upcycling, use of equipment for power generation).

**Monitoring participation**

Companies must yearly provide NL Agency with monitoring data before April 1st. This information – on the progress they have made with implementing their EEP and the practice of systematic energy management – provides the basis for the sector reports that are discussed each year with the members of the Dutch energy-saving consultative body (OGE) of the sector.

The total energy efficiency improvement per sector as a result of energy saving measures, is the sum of the savings for the monitoring year through:

1. energy efficiency measures taken by companies (process efficiency);
2. measures taken by companies regarding product and supply chain efficiency.

Companies also report the use of renewable energy.

**Supporting LTA**

NL Agency supports LTA participants with the implementation of their covenant agreements in practice. Companies can benefit from the expertise and experience of advisers, for instance for drawing up energy efficiency plans and monitoring the realized energy efficiency. Also, NL Agency, as independent expert, advises provinces and local authorities (Competent Authorities) on the quality of the energy efficiency plans.

**Need support or information?**

NL Agency developed specific instruments for covenant partners. These instruments facilitate companies in actually shaping and implementing their energy efficiency improvements.

NL Agency also organizes user groups, knowledge network meetings and workshops for companies.