

Energy savings: Europe's turn to lead the next energy revolution

The World Energy Outlook 2012, published in November by the International Energy Agency (IEA), estimates that half of the growth in world energy demand between now and 2035 could be met by realising available, but as yet untapped economic energy saving potentials. The IEA's move to give growing importance to energy efficiency in the transition to a new energy system is significant. It marks a shift towards demand-side thinking in an organisation that has been traditionally supply-side oriented.

It is also an endorsement of the work of businesses and civil society organisations who have worked intensively in recent years through the Coalition for Energy Savings to drive the EU's leadership in the field. Their efforts helped to achieve the adoption of the new Energy Efficiency Directive. The IEA's findings provide a welcome tailwind to those implementing the Directive across Member States, and pave the way for energy efficiency and savings targets to become the first consideration of the EU's energy policy agenda for 2030 and beyond.

There are powerful arguments why the EU has a distinct interest to continue as a global leader for energy efficiency policies - and why ambitions in Europe should aim higher than the estimations of narrowly defined economic energy saving potentials. These estimations focus on individual net-financial savings and do not reflect the multiple benefits of energy savings, including climate protection, employment creation, public budget recovery and competitiveness.

In Europe, an ambitious energy efficiency strategy would deliver three major gains:

Job creation. Europe urgently needs to create new jobs. Public support for efficiency measures, like building renovation, low-carbon vehicles, high-efficiency equipment and appliances as well as energy performance contracting, will stimulate private investment, leading to the creation of jobs and increasing public revenues through increased local activity.

Reduction of Europe's immense energy deficit. Europe runs a €400 billion annual energy trade deficit - bigger than any country - and this is set to grow. Saving energy is a simple recipe to reduce this deficit - by €123 billion a year, based on the IEA's analysis. The saved capital could then be invested in the transformation of Europe's ageing energy system.

Competitiveness and environmental sustainability. Europe's competitiveness is under threat from both increasing energy and environmental damage costs. Energy savings could play a vital role in reducing both. According to the IEA, the EU could reduce consumers' energy expenditures by some €300 billion each year through realising economic energy saving potentials. At the same time it would significantly reduce environmental pollution, like greenhouse gas and toxic air pollution - thus providing the basis for ambitious greenhouse gas emission reduction targets and environmental health protection levels, in line with giving the next generation a fair chance.

The EU has a long way to go if it is to reap these opportunities. It has taken a first step with the Energy Efficiency Directive, which for the first time sets binding national energy saving targets. However these targets fall short of even the official economic energy saving potential - and they fail to take a long-term perspective. The IEA's global finding that policies currently in place only exploit a marginal share of the economic energy saving potential is unfortunately also true for the European Union.

The energy efficiency focus of this year's World Energy Outlook should mark a turning point in the energy debate and underline the need for a real step-change in the EU's ambitions for progressive policy-making in energy efficiency.

It is Europe's turn to lead "the next unconventional energy revolution", as the IEA's Chief Economist Fatih Birol called the possible future role of energy efficiency.

*Signed by the Friends of the Coalition for Energy Savings: **Caroline Lucas** (UK MP), **Anders Wijkman** (Co-president of Club of Rome), **Prof Owen Lewis** (Former CEO of the Sustainable Energy Authority of Ireland), **Gianni Silvestrini** (Scientific Director Kyoto Club), **Prof. Diana Ürge-Vorsatz** (Director of the Center for Climate Change and Sustainable Energy Policies)*