

Climate and Energy Policy 2030
For economic recovery and sustainability

Annual Conference

16 May 2013, 16:30-18:30

Summary – news article 17 May 2013

Outlook for energy savings hopeful, despite national challenges and slow support. Following its General Assembly, the Coalition held its Annual Conference on the topic “Climate and energy policy 2030: For economic recovery and sustainability”. At the event, Humberto Delgado Rosa (DG Climate Action, European Commission) raised expectations for energy efficiency to help find a fair and equitable burden sharing and rejected ideas that there is a conflict between ETS and energy efficiency targets. He does not expect new energy modelling before the Commission takes decisions this year. During the panel discussion, Joël Vormus of CLER (France) and Christian Noll of DENEFF (Germany) stressed the importance of national coalition activities and the political difficulties of advancing the energy efficiency agenda nationally. DENEFF just published its first monitor of the German energy efficiency sector. Discussion moderator Nick Mabey, Chief Executive and Founding Director of E3G, noted the importance of building energy efficiency support in Member States and making energy efficiency a necessity rather than an option for EU policymakers developing the 2030 framework. He called for exploring novel approaches to financing, including State Aid rules, and new export markets, like energy efficient cities. In his closing remarks, Jonas Bering Liisberg, Deputy Permanent Representative of Denmark to the EU, assured Coalition members that the Council President was pushing energy efficiency in the upcoming meeting on 22 May and that his country is supporting a three target approach, but warns that in order to make them binding, burden sharing eventually would necessitate unanimity in Council.

NOTES

Welcome

The Chair, Jan te Bos, welcomed all guests and presented the conference topic.

Discussion moderator Nick Mabey highlighted the importance of the interplay between the national and European aspects of the 2030 discussion and suggested that by building the role of energy efficiency in Member States, the Coalition could have a compelling proposition for policymakers to address goals for jobs and growth.

Keynote address

Humberto Delgado Rosa, DG Climate Action in the European Commission: the reasons for discussing 2030 included increasing investor certainty, maximising the role of climate and energy policy to spur low carbon technology and better placing the EU in negotiations for the new international climate agreement. The EU is making good progress on its 2020 emissions (absolute decoupling) and renewables target, and the EU-ETS scheme is functioning, though low prices mean it is not driving investments in low carbon technology. For energy efficiency, enacting the structural changes in MS necessary to support energy efficiency and finding the finance remain challenges. The Coalition should respond to the consultation on the 2030 green paper to share their views with the Commission to feed into the Impact Assessment.

Open discussion

Questions to Mr Delgado Rosa:

- *Have national perspectives on climate and energy policy changed?* Yes, it's evident in approaches to CCS, biofuels and how policy has adapted to the economic crisis. The European institutions can assess the impacts of climate and should not be afraid to act. The same is happening around the world.
- *Should energy efficiency come first?* Energy efficiency is a no-regrets option as a target, but for climate goals, emissions are still the most important. There is no conflict between ETS and energy efficiency target, as the first is only a tool.
- *Would the Commission consider building an energy efficiency target based on a cost-effective analysis to get the energy-intensive industry on board?* The EU wants to keep industry in Europe, and the cost-effective argument is interesting.
- *Would the Commission consider reviewing the targets in its roadmaps to be more aligned with the more recent figures supported by scientific studies?* The Commission plans to develop more roadmaps and this is a possibility. But he does not expect new energy modelling before the Commission takes decisions this year

Joël Vormus, CLER: there is currently no political support for the 2030 energy efficiency debate, despite Delphine Batho (French Energy and Environment Minister) being in support of three targets. The current outlook for the French energy transition debate is bleak, whereby powerful utilities are dominating. Interestingly, new national 2030 and 2050 scenarios have been developed, which all show a significant decrease in energy consumption. A French version of the *Coalition for Energy Savings* will be created soon, triggered by the EED.

Christian Noll, DENEFF: Energy efficiency remains the stepchild of energy policy and an empty consensus. In Germany there are increasingly doubts whether the efficiency targets can be met. The government plans to implement the EED 1:1, avoiding going beyond the bare legal minimum. Home-owners and business associations have been mobilized against calling it 'command economy' and doubting the benefits. For 2030, energy efficiency comes after renewables and emissions in terms of priority in Germany. Once the new government is in place, DENEFF will push for energy efficiency in Germany's upcoming post-2020 roadmap. Recently DENEFF published the first ever German assessment of the energy efficiency sector, which shows that the sector is big and growing: turnover increased from €126bn in January 2011 to €146bn in January 2012, and employment from 737,000 jobs in January 2011 to 807,000 in January 2012.

Nick Mabey: the UK has a climate and energy department and a climate budget, but is slow on delivering on the least cost-solution: energy efficiency. The tools are there, including the Green Deal (interest rates too high though), and more developments could take place under the next government, like a Feed in Tariff for energy efficiency. A coalition of some 140 organisation is asking for a major retrofit programme in the UK.

Questions to panel participants:

- *Is a single carbon price necessary for the market to function?* Humberto Delgado Rosa prefers a single, right carbon price.
- *Are energy-intensive industries in France on board with reducing consumption?* Joël Vormus: those industries are not vocal in the energy transition debate.
- *How important is a strong carbon price in Germany?* Christian Noll: it would not be an automatic fix. Those who argue that controlled energy prices are the solution have seen that investments in energy efficiency do not rise with the speed of energy prices, and conversely, that rising energy prices reduce the capacity to invest in energy efficiency.
- *Is there a plan for building refurbishment in France?* Joël Vormus: France is slow to enact laws and currently completing a study on the possibility of replicating the KfW renovation programme.

Nick Mabey: Calls for making energy efficiency a necessity, not just an option for politicians. It is about not financing roads but energy efficiency. China has stopped funding local government in part to prevent them from investing in energy intensive (high emitting) industry. From this, we can learn that energy efficiency needs action from policymakers to succeed. Energy efficiency needs to build its resilience and flexibility, increase finance for market uptake, remove market barriers and address market supply and demand. To come together a bottom-up plan could be considered. The Coalition could push the debate on state aid to unblock funding, use the electricity market reform process to get incentives that push demand side work, urge for the resolution of accounting problems under EUROSTAT, tap into EIB financing possibilities and explore the opportunity of exports. Exporting energy efficiency services and efficient cities to emerging economies could boost jobs and growth in the EU, and should be explored in the industrial policy.

Concluding statement

Jonas Bering Liisberg, Deputy Permanent Representative of Denmark to the EU: While taxes will be the focus of the upcoming EU Council summit, Herman van Rompuy has continued to include energy efficiency in the competitiveness discussion and call for ambitious and full implementation of energy efficiency legislation. Regarding the policy dilemma that efficiency drives down carbon prices, he believes it is a question of setting appropriate GHG targets and allow for adjustments during the period. Denmark supports three 2030 targets, but recognises that – on the positive side - binding targets leave much flexibility for MSs, but on the down-side require burden sharing. Denmark hopes for a majority in EP for backloading, but a more permanent structural reform of the ETS is needed. It seems that there is a significant increase in national ambition on energy efficiency coming from the EED's national targets setting, and the Coalition should see these developments as positive.

Questions to Mr Liisberg:

- *Could the idea of "benefit sharing" be a way to diffuse the negative connotation associated with effort sharing?* It is a difficult political issue regardless, and decisions will likely require unanimity in the Council.
- *Is it possible that the Council will reject the Commission's interpretative note on Article 7 that closes a loophole that would reduce the level of the national binding end-use savings targets?* While he was not aware of the interpretative note, he welcomes if loopholes are being closed.