The Coalition for ENERGY SAVINGS

Saving energy for a secure Energy Union

Position paper – December 2014

The EU needs a secure Energy Union, based on solidarity and trust, with integrated markets and a decarbonised energy mix. For this to happen, the huge remaining cost-effective energy savings potential across all sectors must be tapped.

Without considering energy efficiency as the first step, the EU would miss out on major economic and environmental benefits and lock itself into unnecessary and costly investments and ever greater dependencies.

The Energy Union must introduce "savings tests" to place energy efficiency first in energy infrastructure decisions.

There is a clear disconnect between the economic value given to energy infrastructure and that of energy efficiency. Unless these are put on an equal footing, public money will be wasted on expensive and underutilised infrastructure projects that become stranded assets as the EU moves toward meeting its climate and energy goals. For example, future gas demand in the EU has been overestimated by as much as 72%[i] because planners have not factored in the potential for energy efficiency and savings.

A new systems-wide approach to investments is needed. As such, before deciding to invest in new generation or transmission infrastructure, or to renegotiate supply contracts, one needs to consider whether it is more cost-effective to stop wasting energy by increasing efficiency[ii].

Therefore a 'savings test' should be mandatory, and, for example, conditional to accessing European public funds such as the Connecting Europe Facility. If the test shows improving energy efficiency is more cost-effective than creating new supply-side infrastructure, energy efficiency should be prioritised.

For these tests to be workable, energy savings projections at EU and national levels have to be developed. They must overcome the issues with the existing methodology, which inflates energy demand and the costs of energy efficiency based on perceived high risk.

Besides helping to address supply overcapacity issues, this would unlock investment in energy efficiency by considering energy efficiency as an infrastructure priority. Without applying a savings test Europe risks missing out on the potential to:

- Increase energy security - for every 1% energy savings, gas imports are reduced by 2.6%[iii]. Central Eastern Members States which are most reliant on Russian gas also have the largest energy efficiency potential in Europe, and would benefit the most from energy security gains[iv]. Tapping the cost-effective potential in Europe could reduce gas consumption by an amount at least equivalent to imports from Russia[v].

- Save over €239 billion annually by 2030 in lower energy bills[vi], equal to savings of up to € 1,000 per household every year[vii] due to lower energy costs, increased industrial efficiency and stronger demand for domestic products and services, which also boosts competiveness.

- Create jobs - experience from existing energy efficiency programmes shows that between 13 and 17 jobs created or maintained per €1 million invested in energy efficiency measures[viii].

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[i] E3G, Energy Security and Connecting Europe Facility, 2014.
[ii] RAP, Unlocking the Promise of the Energy Union – "Efficiency First" is Key, 2014.
[iii] European Commission, Impact assessment accompanying energy efficiency communication, 2014.
[iv] Fraunhofer ISI, et al., Study evaluating the current energy efficiency policy framework in the EU and providing orientation on policy options for realising the cost-effective energy efficiency/saving potential until 2020 and beyond, 2014.
[v] Coalition for Energy Savings, Is the Commission giving up on saving energy?, 2014.
[vi] Fraunhofer ISI (2012), Concrete Paths of the European Union to the 2ºC Scenario.
[vii] Idem
[viii] IEEP, Review of costs and benefits of energy savings, 2013.