

Time to walk the talk on energy efficiency with strong governance

Position paper – January 2015

The safety and welfare of Europe's citizens and businesses relies on the EU's energy security. Yet this is currently jeopardised by high dependency on energy supply from unstable regions and by unpredictable price fluctuations.

In this context, the EU should do more than just diversifying its energy suppliers. It must put in place controls to stop the waste of energy, since there is still a large potential to do this cost-effectively¹. The EU, its Member States and energy users should control the achievement of this potential as rigorously and effectively as they monitor other security issues.

This can be achieved by enshrining a strong governance mechanism in legislation to:

- strengthen the legitimacy and acceptance of policies and measures to kick-start the energy efficiency market for citizens and businesses, and develop it to its full potential;
- improve transparency via comprehensive planning and harmonised reporting, which allows for robust monitoring, verification and enforcement; and
- ensure accountability of governments towards measurable and ambitious outcomes.

If, on the contrary, soft or "light-touch" governance is introduced, this would mean weak controls to ensure EU energy security improves.

Therefore the Coalition for Energy Savings calls on the European Commission to develop a strong EU energy efficiency governance by:

- building on the **relevant provisions of the Energy Efficiency Directive**, in particular Article 3 and related articles and annexes, to set out the overall objective for 2030 and provide robust guidance for national contributions to secure the EU's cost-effective energy efficiency potentials. The current approach to setting and reviewing indicative national energy efficiency targets is weak and difficult to monitor. It is failing to secure the structural efficiency improvements needed to deliver the EU's 20% target, and even further off the track of tapping the cost-effective potential².

- **improving the enforceability of national energy efficiency plans** through comparable and transparent reporting based on standardised energy data, definitions and indicators for measuring energy efficiency and savings. The national energy efficiency action plans are difficult to compare and of diverse quality, suffering from the lack of a mandatory reporting template and standardised definitions and indicators.

- **applying an energy savings test** to help ensure a fair economic comparison and valuation of energy supply and energy efficiency policies and investments. The test would identify when improving energy efficiency is more cost-effective than creating new supply-side infrastructure and help prioritise investments in energy efficiency in these cases. Currently, energy infrastructure, such as gas pipelines, are planned on exaggerated demand projections, ignoring the impacts and benefits of energy efficiency improvements³, and risking wasting public money and creating stranded assets as the EU moves towards meeting its climate and energy goals.

¹ The EU could cost-effectively save 40% of its energy consumption by 2030 (Fraunhofer et al (2014), Evaluating the energy efficiency policy framework in the EU and providing orientation on policy options for realising the cost-effective energy efficiency potential until 2020 and beyond). This would also cut gas imports by 40% (European Commission (2014), Impact assessment - Energy Efficiency and its contribution to energy sectors and the 2030 framework).

² Fraunhofer ISI (2014) estimates that there is the potential to cost-effectively save 25% of primary energy consumption by 2020, 5 % more than the EU target.

³ Future gas demand has been over estimated by as much as 72% because planners have not factored in the potential for energy savings (E3G (2014), Energy Security and the Connecting Europe Facility).