

Frans Timmermans, First Vice-President, European Commission  
Maroš Šefčovič, Vice-President for Energy Union, European Commission  
Miguel Arias Cañete, Commissioner for Climate Action and Energy  
Alexander Italianer, Secretary General, European Commission  
Dominique Ristori, Director General for Energy, European Commission  
Jos Delbeke, Director General for Climate Action, European Commission

Brussels, 10 March 2016

**2030 Impact Assessment assumes policy failure**  
**Urgent need for objective cost-benefit analysis for energy efficiency**

Dear First Vice-President Timmermans,

Dear Vice-President Šefčovič,

Dear Commissioner Arias Cañete,

Dear Mr Italianer,

Dear Mr Ristori,

Dear Mr Delbeke,

The Coalition for Energy Savings, which unites businesses, professionals, local authorities, trade unions, consumer and civil society organisations, welcomes the European Commission's efforts in preparing the Energy Union legislative proposals.

We have high expectations that this work will bring new impetus to the role the EU must play in shaping the transition toward an efficient and secure energy system, thus enabling post-Paris climate action.

To a large extent this can be achieved by putting energy efficiency first, empowering energy consumers and boosting the efficiency market and above all by setting a sufficiently ambitious 2030 energy efficiency target.

More than ever, transparent and impartial evidence of the cost and benefits of the wide range of 2030 energy efficiency targets, as proposed by the different EU institutions, is essential to inform legislators.

Yet, we are concerned that the approach taken for assessing these impacts<sup>1</sup> falls short of the Energy Union objectives and the principles of better regulation, and lacks coherence with the approach taken in other EU policy areas.

We had a first exchange on these concerns during a meeting on 29 February 2016 with staff from the Secretariat General and DG Energy responsible for the relevant Impact Assessment.

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<sup>1</sup> as presented in the Commission's Inception Impact Assessment for the review of EED from November 2015

Building on that discussion we call on you to include a cost-benefit analysis with a societal perspective in the Impact Assessment to provide an objective and overarching view of the different options. This is already standard practice in determining least cost minimum performance levels for products and buildings and in setting CO<sub>2</sub> targets for transport<sup>2</sup>. The Commission's Better Regulation toolbox provides useful guidelines to conduct such analysis.

Despite these guidelines, the Commission currently applies a private perspective only for assessing the energy system impacts of energy efficiency targets. This is the wrong approach to appraise general ambition levels and jeopardises the Energy Union Communication's objective to treat energy efficiency as "an energy source in its own right".

Furthermore, it subjects the discussion of 'optimum' target levels to discretionary judgements about the effectiveness of future EU and national policies to remove market failures and imperfections. In doing so, the assessment lacks transparency and does not provide useful information to the EU's legislators.

Our recent report, *Impact assessment of the EU 2030 energy efficiency targets – Towards a cost benefit analysis*, identifies some of the limitations of using only a private interest perspective and demonstrates the importance of complementing the Impact Assessment work with a more comprehensive cost-benefit analysis to appraise societal ambitions for 2030.

We call on you to ensure a fair and balanced appraisal of costs and benefits of 2030 energy efficiency target levels and would be delighted to meet with you to discuss this extremely important issue further.

Yours sincerely,



Stefan Scheuer  
Secretary General

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<sup>2</sup> **Ecodesign products:** EC determines Least Life Cycle Costs, which inform minimum performance levels, using societal discount rates, usually around 4%. **Transport:** The CO<sub>2</sub> targets were set on cost-effective grounds assessed from a societal perspective. **Buildings performance:** EC guidelines state that: "... a higher discount rate – typically higher than 4% [...] - will reflect a purely commercial, short term approach to the valuation of investments. A low rate – typically ranging from 2% to 4% [...] – will more closely reflect the real benefits to building occupants over the entire investment's lifetime".



**Annex:** Impact assessment of the EU 2030 energy efficiency targets in the context of the Energy Union & Energy Efficiency First – Towards a cost-benefit analysis. Report and summary by the Coalition for Energy Savings with support from ECOFYS. March 2016.

**Note:** A copy of this letter will be sent to the cross-party group of MEPs who have been engaging with the European Commission on discount rates and scenarios used by the impact assessment.

*Members of the Coalition are:*

*Architects' Council of Europe (ACE), BEUC (The European Consumer Organisation), CEE Bankwatch Network, ClientEarth, Climate Action Network Europe (CAN-Europe), Climate Alliance, COGEN Europe, E3G, Energy Cities, Euroheat & Power (EHP), European Alliance of Companies for Energy Efficiency in Buildings (EuroACE), European Alliance to Save Energy (EU-ASE), European Association of Polyurethane Insulation Manufacturers (PU Europe), European Climate Foundation, European Committee of Domestic Equipment Manufacturers (CECED), European Copper Institute, European Council for an Energy Efficient Economy (eceee), European Environmental Bureau (EEB), European Federation of Intelligent Energy Efficiency Services (EFIEES), European Federation of Building and Woodworkers (EFBWW), European Insulation Manufacturers Association (Eurima), European Federation of Public, Cooperative & Social Housing (Housing Europe), European Partnership for Energy and the Environment (EPEE), Friends of the Earth Europe, Glass for Europe, Lighting Europe, Transport & Environment (T&E) and WWF, as well as advisory members Buildings Performance Institute Europe (BPIE) and Regulatory Assistance Project (RAP).*