

Putting Energy Efficiency First – the bedrock for designing EU climate and 2030 GHG effort sharing policies

Tapping the full cost-effective energy savings potentials and bringing down market barriers to energy efficiency is an excellent and unique opportunity for the EU to address the major challenges it faces: creating employment, closing the investment gap, increasing energy security and boosting competitiveness. At the same time saving energy is the bottom-line measure to reducing energy-related GHG emissions across all sectors and to enabling post climate policies in line with the Paris agreement.

1% energy savings deliver 0.66% GHG savings for non-ETS sectors, €36billion investment and 0.5 million jobs¹. The full potential of cost-effective energy savings is estimated at 40% by 2030 and would deliver around 50% GHG reductions².

The “Energy Efficiency First” principle calls for proper consideration of energy efficiency potentials in all relevant decision-making. This means that EU climate policies should be developed on the basis of a fair and robust assessment of the potential and policies to realise them. This means that the European Commission must move from an “extremely unrealistic high discount rate... to comprehensive cost-benefit analysis taking into account the multiple benefits of energy efficiency, and to a social discount rate, in line with its own Better Regulation guidelines” as called for by the European Parliament 23 June 2016³. If this is not done, the EU risks missing out significant economic benefits in combating climate change and runs the risk of inconsistent policy designs.

The European Commission should also regularly assess progress in tapping these potentials towards delivering the 2030 and 2050 climate and energy framework and the Paris Climate Agreement.

The Effort Sharing Decision (ESD) does not reduce emissions in itself. It requires and builds on the implementation of measures, both at EU and at national level, which contribute to the achievement of the ESD goals. The further development of EU and national energy efficiency frameworks and sector approaches to buildings, transport and industry should support Member States in achieving EU climate objectives.

In that respect, the 2030 GHG emission national effort sharing policy for 2030 should build on the current links made by the 2020 ESD with energy efficiency⁴. Such a provision within a 2030 context would be a good, although not sufficient, step towards ensuring mutually reinforcing and coherent EU and national climate and energy targets. A new provision should require that if the cost effective energy efficiency potential is not tapped the EU and Member States should act and adopt further measures.

Moreover, post-2020 climate and energy planning and reporting requirements should integrate the principle of Energy Efficiency First. Member States should be encouraged to develop national plans based on robust energy efficiency scenarios and policies, in line with national and EU ambition, and ensure that GHG emission reduction measures in the non-traded sectors are aligned accordingly. The contribution by energy saving measures to the GHG reductions should be measured systematically.

¹ Based on calculations by the Coalition for Energy Savings and considering that 2/3 of non-ETS GHG emission are energy related

² <http://www.ecofys.com/files/files/memo-higher-eu-energy-efficiency-and-renewable-energy-targets.pdf>

³ European Parliament Report on the implementation report on the Energy Efficiency Directive (2012/27/EU)

⁴ Article 4 of the ESD requires that the EU adopts additional EU measures on energy efficiency in case energy efficiency potential is not exploited sufficiently and therefore does not contribute (as it could and should) to the GHG emission reduction targets.