

EVERY PERCENT COUNTS: THE BENEFITS OF EACH 1% INCREASE OF THE 2030 EU ENERGY EFFICIENCY TARGET

Reducing energy demand is the bedrock of lower energy bills and of an independent, inclusive, and climate neutral EU. Energy efficiency measures bring multiple benefits to citizens and society as a whole, including reduced energy imports, lower greenhouse gas (GHG) emissions, cuts in energy bills, improved health, and new and local jobs.

With the interinstitutional negotiations on the recast of the Energy Efficiency Directive (EED) entering their concluding phase, the European Parliament, the Council of the EU and the European Commission will need to reach an agreement on the ambition and governance of the EU 2030 energy efficiency target. The Commission proposed a 13% target (with REpower EU), the Council so far only supports 9% and the Parliament aims for 14.5%.

Considering current high energy prices and the multiple benefits of a higher target¹, **the 14.5% target is the bare minimum that EU institutions should agree on**, even more so given that the EU could achieve a 19% target with measures that are technically feasible and economically viable². If a lower level of ambition is envisaged to find a compromise between policymakers, each percentage point increase counts.

In 2030, each 1% extra energy savings would deliver in the EU:

- A reduction of €9.86 billion in energy and transport bills for households.
- A reduction of €3.2 billion in fossil fuel imports.
- A GHG emissions cut of 22.7 MtCO₂ eq (or about a 0.8% cut in EU emissions).
- The creation of at least 56,000 jobs.
- An increase of €7.9 billion in the EU GDP.

These benefits will only be delivered on the ground for citizens and businesses if a **strong and reliable governance framework for the energy efficiency target is put in place**. The current energy efficiency framework, based on an indicative EU target and voluntary national pledges, has clearly shown its limits with a lack of predictability for investors and stakeholders. **In the trilogue negotiations, a high target should not be agreed at the expense of accountability and certainty of enforcement, otherwise the multiple benefits of energy savings will not materialise.**

This means that the EU energy efficiency target, both in final and primary energy, must be made binding, together with primary and final national contributions. National contributions should also be well-distributed according to the formula in Annex I of the EED recast (if a deviation from the formula is allowed, a reliable gap avoider mechanism must be introduced).

It is time to translate energy efficiency rhetoric into tangible improvements: **every percentage point can make a long-lasting difference for the most vulnerable, the economy, and the climate. The benefits resulting from both a higher and binding energy efficiency target for 2030 should guide policymakers in the revision of the Energy Efficiency Directive.**

1. For a quantification of the benefits of the different levels of the 2030 EU energy efficiency targets in the EED negotiations, see the Cambridge Econometrics study "2030 EU energy efficiency target: The multiple benefits of higher ambition".

2. See the study from Fraunhofer ISI and Scheuer "Assessing the impact of high energy prices on the economic potentials for energy savings in the EU".