

THE HIGHER THE 2030 EU ENERGY EFFICIENCY TARGET, THE HIGHER THE BENEFITS

The multiple benefits of a 14.5% energy efficiency target

The case for prioritizing energy savings has never been stronger:

- Since more than a year, **citizens and businesses are being severely impacted by rising energy prices** that provoke a decline in living standards and negatively affect economic activity.
- The war in Ukraine is **putting at risk energy availability** and is renewing the EU commitment to accelerate the reduction of fossil fuel use and imports.
- This summer's extreme heat records, droughts, and forest fires,¹ is a stark reminder that **climate change impacts are already materialising in Europe and require urgent action**.

Saving energy is the starting point to solve these multiple crises. The ambition level of the 2030 EU energy efficiency target will define how important the contribution of energy savings will be in providing an answer to those crises and the extent to which the EU and its citizens will fully benefit from lower bills, a cut in fossil fuel imports and greenhouse gas emissions (GHG), and job creation thanks to energy efficiency.

The European Commission, the European Parliament and the Council of the EU are currently negotiating the final text of the Energy Efficiency Directive (EED); **they are expected to revise upwards the current 2030 EU energy efficiency target** to align with the EU climate neutrality goal and to ensure the REPowerEU's objectives are met.

The just published Coalition for Energy Savings' study "[2030 EU energy efficiency target: The multiple benefits of higher ambition](#)", prepared by Cambridge Econometrics, clearly shows that enhanced levels of energy efficiency will bring additional socio-economic benefits for the EU and its citizens. Its main conclusion is that **the higher the 2030 EU energy efficiency target will be, the more benefits will materialise for the EU economy, the environment and the society.**

The study models three levels of ambition² of the energy efficiency target that are under discussion in the interinstitutional negotiations (9% of the [Council's general approach](#), 13% of the updated Commission's proposal in the [REPowerEU plan](#) and 14.5% as supported by the [European Parliament](#)). It must be emphasized that even the highest level of ambition modeled, **the 14.5% target, represents only moderate ambition**, as **the cost-effective energy savings potential³ for the EU stands at least at 19%**, given high energy prices.⁴ The EU institutions are therefore discussing levels of ambition that are below what is technically feasible and economically viable.

1. [Summer 2022: Living in a state of multiple crises](#), European Environment Agency.

2. In this policy briefing, different levels of the 2030 EU energy efficiency target are expressed in comparison to the PRIMES 2020 Reference scenario projections.

3. The cost-effective energy savings potential represents the energy savings which could be reached if all energy efficiency improvements that make economic sense are implemented.

4. [Assessing the impact of high energy prices on the economic potentials for energy savings in the EU](#), Fraunhofer ISI and Scheuer.

The Cambridge Econometrics study finds that a 14.5% energy efficiency target would deliver **significant environmental, economic and social benefits**, including:

- **Reduction of energy expenditures:** Energy efficiency decreases households' energy and transport bills because it reduces energy consumption and lowers energy prices.⁵ A 14.5% energy efficiency target would on average reduce households' expenditure for energy by 10.3% and for transport by 8.5% in 2030, this would equal to **saving 120 billion euros in energy and transport expenditures** for the whole EU. The study shows that the **poorest households benefit more from energy efficiency measures and would experience higher cut in their bills** compared to the richest households, clearly demonstrating that energy savings are the starting point to address energy poverty and contribute to a more equitable energy transition.
- **Reduction of fossil fuel imports expenditure:** Saving energy boosts EU energy security by reducing reliance on imports and the impacts of possible supply disruptions.⁶ A 14.5% energy efficiency target would lower the EU spending on fossil fuel imports by 12.2% in 2030, **leading to about 38 billion euros saved**.⁷ In particular, the greatest reduction in monetary terms is achieved for oil and gas imports, a saving of 24 billion euros.
- **Decrease of GHG emissions:** By reducing energy consumption, energy efficiency reduces energy related GHG emissions. With a 14.5% energy efficiency target, the **EU's GHG emissions would be reduced by an additional 12.2 % in 2030 (about 315 MtCo2eq in absolute terms)**.⁸ This would bring the EU significantly closer to its Climate Law objective to reduce GHG emissions by 55% in 2030 and set the EU on a credible path towards its climate neutrality goal.
- **Jobs creation:** Investments in energy efficiency increase employment due to higher levels of production in the economy and a shift in production towards more labour intensive sectors. Moreover, there are positive "multiplier effects" from higher consumer expenditure, which results in more economic activity and therefore job creations. The study finds that **a 14.5% energy efficiency target would create 752,000 jobs in 2030** (an increase of 0.4% of the economy-wide employment rate), with the largest increase in the sectors producing energy efficiency goods and services, such as construction, manufacturing, and utilities.
- **Increase of Gross Domestic Product (GDP):** Energy efficiency improvements also lead to a positive impact on the overall economic activity of the EU, with the creation of additional wealth and therefore GDP growth. **A 14.5% energy efficiency target would increase the EU's GDP by 0.6% in 2030, which represents the creation of 94 billion euros in monetary wealth.**

The benefits of an enhanced 2030 energy efficiency target are clear and cannot be ignored in the current situation of economic and social turmoil; **they must guide the interinstitutional negotiations and be at the core of the political agreement on the EED recast**. Given that the EU cost-effective energy savings potential stands at 19%,⁹ **a 14.5% target is the bare minimum that EU institutions should agree on**. Only with a strong and reliable energy efficiency framework, the multiple benefits of energy savings can be delivered on the ground for EU citizens.

5. [Multiple benefits of energy efficiency: energy prices](#), International Energy Agency.

6. [Multiple benefits of energy efficiency: energy security](#), International Energy Agency.

7. Aggregated savings for reduction of imports for coal, oil and gas, and manufactured fuels (See Table 4 in Annex I of the study).

8. The GHG cut would be on top of the PRIMES 2020 baseline, which takes into account, among others, the implementation of the Clean Energy for all package and the planned national policies in the National Energy and Climate Plans.

9. A 19% energy efficiency target would bring even higher benefits. Those can be calculated by using a coefficient provided in the study, which links the reduction in energy consumption in Mtoe to each of the benefits this delivers. For example, a 19% target would deliver an additional 37% reduction of energy bills and an additional 39% increase of GDP, both compared to the benefits of the 14.5% target.

The higher the 2030 EU energy efficiency target, the higher the benefits

Saving energy is key to achieve EU energy independence and cut greenhouse gas emissions, while delivering benefits for citizens and the society. An ambitious 2030 EU energy efficiency target provides the framework to ensure these benefits can materialize.

In the Energy Efficiency Directive negotiations,

The European Parliament supports a target of

14.5%

The benefits of this target across the EU in **2030** would be:

120 billion euros decrease

in household expenditure on energy and transport

Equal to a reduction on average of 609 euros for each European household

752,000 jobs created

in the EU

More than 3 times the number of workers directly employed in coal mining and related activities in 2018

315 MtCO₂eq reduction

of greenhouse gas emissions

Equivalent to the greenhouse gas emissions from Spain in 2019

94 billion euros increase

in the EU's GDP

About the 2021 GDP of Slovakia

Saving 38 billion euros

in fossil fuel imports

Almost 40% of the EU's spending on energy imports from Russia in 2021