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EU ENERGY EFFICIENCY POLICY

BUSINESSEUROPE welcomes the Commission efforts on energy efficiency in order to reach the 20% improvement target by 2020. Investing into energy efficiency is the most cost-effective means to yield a more rational use of energy and therefore the best policy to reconcile economic growth, supply security and climate protection. Various McKinsey studies found considerable potential in energy efficiency measures, especially for the residential sector, e.g. in Germany, almost 60 million tonnes of CO₂ could be saved by 2020¹.

World-class solutions to reduce energy consumption cost-effectively often come from European industry, which itself has already substantially improved its own energy productivity in the past, making Europe, after Japan, the most energy-efficient region in the world.

The upcoming Energy Efficiency Plan 2011 will be a decisive milestone to put in place supportive policy for further energy efficiency improvements. For BUSINESSEUROPE, it must meet a number of criteria to ensure that it creates sustainable growth for all business sectors.

The following criteria complete BUSINESSEUROPE's views on energy efficiency policy, which were presented in the position paper "*European business recommendations on EU policies for climate and energy*" (October 2010).

- **Focus on instruments that provide financial incentives**

A comprehensive mix of voluntary and regulatory instruments (e.g. eco-design directive, energy labelling directive, energy performance of buildings directive, etc.) is in place at EU level. The priority should be given to their effective application in the Member States. Where there is still untapped potential, incentives and innovative financial mechanisms should be explored. Public-private partnerships have a key role to play.

- **Target most cost effective actions**

There is immense potential in Europe and in the world to increase energy efficiency, through behavioural changes and education or through cost-effective technologies, many of which are already available or being developed. In particular, the building sector has considerable possibilities, which can generate significant CO₂ emissions reductions. Furthermore, energy efficiency in the transport sector could be improved by cost-effective measures such as the development of co-modality or infrastructure investments.

¹ <http://www.mckinsey.com/clientservice/sustainability/Costcurves.asp>



- **Enhance integration across the supply chain**

All the various stages of energy supply are inter-connected and inter-dependent. In order to optimise the energy system as a whole, all levels and cross-linkages have to be scrutinised, from the primary energy source through to energy services. The development and commercialisation of innovative technologies will be essential, including those capable of improving the infrastructures in such a way that the implementation of energy-efficient solutions is better enabled.

- **Keep policy technology- and fuel-neutral**

The scale of the energy challenges that the EU must meet is such that it is crucial to deploy actively all the solutions offered by a wide range of technologies. Policy instruments must be defined in a technology- and fuel-neutral way and pursue a pragmatic sectoral and bottom-up approach.

Energy efficiency should be addressed in a holistic way, targeting both supply and demand side, and encompassing solutions where improvements may imply switching from one type of energy to another.

- **Take account of the specific situation in individual Member States**

Member States' energy efficiency policies are adapted to the conditions and characteristics of their energy markets and local physical conditions. While boosting the ambition of National Energy Efficiency Action Plans, the new action plan will have to take account of the progress made to date and national circumstances, for instance in terms of energy mix and consumption patterns.

- **Promote leadership in the public sector**

Public procurement practices should be developed so as to incentivise the development of energy-efficient products and solutions. The public sector at European, national and local level should lead the way by purchasing energy efficient products and by setting ambitious objectives concerning renovation of existing building stock.

- **Ensure coherence with very long-term objectives (2050)**

The European Commission will put forward an Energy Roadmap 2050 in the second part of 2011, which will follow the Roadmap for a Low-Carbon Economy by 2050. The Energy Efficiency Plan 2011 to the horizon of 2020 must march in perfect step with the 2050 roadmaps and fully integrating the Energy Strategy for Europe 2020.

- **Underscore EU leadership on the international stage**

Although initiatives were launched as long ago as 2006, discussions on energy efficiency at international level are not progressing fast enough. The EU must have greater recourse to bilateral and international negotiations to promote the development and use of energy-efficient technologies, and to become a leader in setting standards.

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