

4 November 2011

EU ENERGY EFFICIENCY POLICY

KEY MESSAGES

- 1 Energy efficiency is the most cost-effective way to make Europe more climate-friendly, energy-secure and competitive. European companies have the technologies for producing and using energy more efficiently.
- 2 EU policy must strike the right balance between triggering energy efficiency investments where it makes economic sense while avoiding bureaucracy and “one size fits all” approaches.
- 3 BUSINESSEUROPE supports the fresh momentum given to energy efficiency through the Commission’s proposal for a directive on energy efficiency. It has a valuable role to play in encouraging action.

WHAT DOES BUSINESSEUROPE AIM FOR?

- All EU policy measures to improve energy efficiency need to be assessed against key criteria:
 - Complement effective programmes and policies in Member States;
 - Allow companies to apply cost-effective and economically feasible solutions;
 - Avoid an excessive increase in administrative burden;
 - Ensure consistency with existing energy, climate and industrial policies.
- Europe needs policies that boost energy productivity rather than depress growth. The 20% energy efficiency target for 2020 should be framed in relative terms such as the use of energy in relation to (sectoral) economic indicators. The Commission proposal to define the target as an absolute cap of energy consumption (i.e. 368 Mtoe energy savings by 2020) risks hindering future economic growth.

KEY FACTS AND FIGURES

EU industry has improved its energy efficiency by 30% since 1990
Renovation of buildings has the potential to save 32% of EU’s energy consumption
More than one third of Europe’s energy supply is lost as wasted heat



- Concrete and ambitious actions to tackle unnecessary energy use in the EU's building stock is key. The margin for manoeuvre in retrofitting buildings is enormous: buildings account for 40% of Europe's energy consumption. For these actions it is important that policy-makers enable or facilitate the initial investments, especially in time where capital investment is short.
- Energy audits for large companies should continue on a voluntary basis. Many large companies, for whom energy is a material operating cost, are already using sophisticated internal management systems to monitor their energy use with the aim of driving efficiencies. In many cases, this is an important part of industry's compliance with national voluntary and long-term agreements. Such agreements have proved to be a highly successful contribution to energy efficiency improvements and climate protection in a number of countries¹. They should not be burdened with additional EU legislation leading to bureaucracy and costs.
- Co-generation and district heating and cooling must be deployed only when it is economically viable. These technologies can be an important part of the energy generation mix and help to reduce EU's energy losses as wasted heat. The attention given to co-generation in the current Commission directive proposal is therefore positive. At the same time, it must be acknowledged that these technologies are highly dependent on the specifics of the site and type of generation.
- The EU Emission Trading Scheme (EU ETS) must continue to be primarily a tool to reduce European industrial greenhouse gas emissions by 2020 and beyond in a cost-efficiency way. It is important that the regulator refrains from undue intervention in the market mechanisms to steer the allowances price. Any direct or indirect means of altering this target temporarily or permanently, for example to compensate the effect of energy efficiency measures on carbon price, would negatively interfere with the functioning of the market.

¹ E.g. The Netherlands, Germany, UK, Denmark, Sweden, Finland, Luxembourg, Switzerland, etc.