PU Europe comments
on the
Commission Communication COM(2014) 520 final Energy Efficiency and its contribution to energy security and the 2030 Framework for climate and energy policy

Introduction:

- The recent political discussion focused solely on an overall energy savings target number without using a bottom-up approach to determine the real cost-effective savings potentials of the different sectors.
- Such an analysis would have shown that buildings offer the highest potential with 61% followed by transport with 41%.
- PU Europe does not believe that the proposed 30% energy savings target for 2030 provides the right framework to realise these saving potentials. The current political focus on the ETS sectors will make it even more unlikely that the potentials of non-ETS sector such as buildings will be fully addressed through ambitious measures.
- Our societies need a fundamental change in their approach towards energy use. This can only be achieved by an ambitious long-term vision in particular for a fragmented sector such as buildings.
- An overall energy savings target should not be based on macro-economic scenarios but on cost-effective saving potentials of each sector. It should not hamper economic growth. It could therefore follow a hybrid approach combining an absolute energy consumption component (for ex. for residential and tertiary buildings) and an intensity component "corresponding to the energy consumption of those sectors where this correlation is high".
- Due to their high savings potential and additional economic benefits, combined with market failures, a sector-specific savings target for buildings should be introduced (absolute savings reducing consumption levels expressed in energy demand per m^2/year).

General comments

- PU Europe took note of the Communication, which falls short of both the expectations of Europe's building energy efficiency industry and economic and environmental imperatives.
- In a time of difficult political and economic choices, it would have been of paramount importance to cover a wide range of scenarios in the IA showing all facets of the issue.
- It is not understandable why only those scenarios were omitted that supported the case of energy efficiency. Our societies as a whole and political decision maker in particular will be pushed to believe that energy efficiency is only a cost factor that needs to be minimised.

Specific comments

Highly secretive drafting process of the impact assessment (IA)

- The drafting process of the IA was highly secretive with no possibility for stakeholders to contribute. This is in preach with the Commission's Impact Assessment Guidelines

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(SEC(2009) 92), which state that "the Commission's impact assessment system takes into account input from a wide range of external stakeholders, in line with the Commission's policy of transparency and openness towards other institutions and the civil society".

- The Guidelines also state that an IA "improves the quality of policy proposals by providing transparency on the benefits and costs of different policy alternatives and helping to keep EU intervention as simple and effective as possible". This requirement was clearly not respected as some scenarios were intentionally removed from the final IA.

Prospects for meeting the 2020

Over-optimistic assessment of the current situation

- It is not correct to state that the current framework of an indicative savings target combined with binding EU measures has delivered. The Communication itself admits that, even if national implementation was sped up, only 18-19% savings would be achieved by 2020, with one third binding attributed to the economic crisis.

Energy efficiency: assessing the potential for 2030

Assumptions discriminate against energy efficiency in buildings

- Discount rates of 17.5 % for energy efficiency and assumptions on longer-term production cost developments in sectors such as new build and building renovation are unrealistically high and artificially increase the global costs of energy efficiency measures (and energy system costs) thus rendering more ambitious scenarios economically less attractive.
- The scenario using lower discount rates was deliberately removed from the final IA.
- The lower cost scenario which does not appear in the final text, had estimated the cost-effective energy efficiency potential at ca. 32% by 2030, and the costs of a 40% energy efficiency target were €45bn lower.

Additional economic benefits from high efficiency scenarios discarded

- The IA states that the benefits from reduced health care costs were not included when calculating the cost of higher efficiency scenarios. However, that same IA stresses that the analysis of a Northern Irish house retrofitting scheme "implies that every euro spent on house retrofits yields a saving of 42 cents in terms of healthcare no longer needed". Excluding these benefits from the scenario calculation leads to results which are biased against energy efficiency in buildings.
- The IA also admits that health benefits from the reduction of pollution resulting from energy extraction, transformation, transportation and use have been omitted.
- Furthermore, the IA fails to quantify the macro- and micro-economic benefits of net job creation (less unemployment benefits and more paid wages) as well as the increased government income through accrued economic activity (income tax, profit tax, VAT, unemployment insurance etc.), mainly construction sector.

Lack of ambition regarding future measures

- Building renovation is mentioned as the most promising way to meet the 2030 energy efficiency targets and the need to lift the renovation rate to above 2% is emphasised. Still, no legal measures are proposed.

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