

Brussels, September 2015

## **The *Energy Efficiency First* principle<sup>1</sup> should be at the heart of the EU Energy Union**

The Energy Efficiency Industrial Forum (EEIF) presents its recommendations to ensure that an effective, energy efficient, Energy Union framework comes into place for the EU.

### **Energy Efficiency First**

EEIF participants support the views, stated on several occasions by EU Commissioners, that energy efficiency is the core element of the Energy Union framework and that Member States be encouraged to give energy efficiency primary consideration in their policies.

The Energy Union is an opportunity to more effectively prioritise actions that will both reduce and moderate demand and those that optimise supply. Embracing *Energy Efficiency First* should mean to:

- systematically evaluate energy saving opportunities in all elements of energy policy;
- rigorously compare them against additional supply side options;
- take policy decisions based on the optimal solution along the entire energy chain, from production through to end-use.

### **Attract investments in energy efficiency**

The need for upfront investment generally remains a challenge to attracting investors to energy efficiency projects. This crucial issue must be overcome by a workable proposal that gives economic value to energy efficiency in the energy market. Without a concrete plan to unblock and scale up investments, many of the opportunities to save vast amounts of energy, with the consequential multiple benefits of increased growth, job creation and a more sustainable future, will not be achieved.

### **Empowering end-users**

- Widespread information campaigns need to be put in place to raise end-user awareness of the potential of energy efficiency and energy savings and the available ways to access them;
- End-user access to technologies, services and management practices, which reduce demand and deliver cost-effective energy savings, should be facilitated so that early-adopters can act as the catalyst to broaden involvement;
- Incentive mechanisms for end-users and regulatory tools, such as the EU energy labelling schemes or energy performance certificates, must be strengthened and developed for products and situations where sizeable savings are clearly demonstrated.

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<sup>1</sup> "Energy efficiency first" is the principle of considering the potential for energy efficiency first in all decision-making related to energy. For further information see the position paper of the Coalition for Energy Savings: [http://energycoalition.eu/sites/default/files/20150504%20Energy%20Efficiency%20First%20-%20making%20it%20happen%20FINAL\\_0.pdf](http://energycoalition.eu/sites/default/files/20150504%20Energy%20Efficiency%20First%20-%20making%20it%20happen%20FINAL_0.pdf)

- The provision of other types of incentives for upfront investment, such as third party financing, must be addressed in conjunction with actions to address well-known barriers such as the split incentive between the owners and occupiers of a building.

### **Fulfilling the cost-effective energy efficiency potential in priority sectors**

In its October 2014 conclusions, the European Council asked the European Commission to propose priority sectors in which significant, cost-effective energy efficiency gains can be reaped, as well as ways to address them at EU level. The EEIF welcomes the recognition of the building sector as a priority, calls for policy coherence to achieve the desired goals and looks forward to the planned review, and hopefully revision, of the Energy Performance of Buildings Directive.

The European Fund for Strategic Investment (EFSI) provides an opportunity to leverage major investments in the deep renovation of the EU building stock. The governance structures set out in the EFSI Regulation must be used to optimise the flow of funds towards energy efficiency investments.

### **Holistic approach to a strategy on heat, heating & cooling**

In its Communication on the Energy Union, the European Commission recalls that the heating & cooling of buildings represents the largest share of EU energy demand and that the majority of gas imports are used for these purposes<sup>2</sup>.

Well targeted renovation policies, as well as actions to improve the efficiency of heating & cooling systems (via design, modernisation and maintenance), will help to accelerate progress.

Despite offering significant potential for improved efficiency, policies covering the provision of heat for industrial and other business processes, along with most forms of heating & cooling, are limited. In order to develop an effective strategy, the EU needs to adopt a holistic approach in which the cost effective savings potentials from contributing sectors<sup>3</sup> are assessed, alongside a mapping of the current state of the production and consumption of heat, heating & cooling across the Member States.

### **Conclusion**

The Energy Union Framework is a real milestone and it should become a watershed in the creation of long-term, sustainable and secure prosperity in the EU. Putting energy efficiency first in the framework's implementation provides the best way forward to achieving the Union's energy security and climate objectives, to fostering innovation, to creating new jobs and to enabling end-users to benefit economically from the smarter management of energy.

**End**

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<sup>2</sup> Commission Communication (2015) 80: "A Framework Strategy for a Resilient Energy Union with a Forward-Looking Climate Change Policy"

<sup>3</sup> As identified by Fraunhofer ISI in 2013, these are the industry, transport, residential and tertiary sectors. See: [http://energycoalition.eu/sites/default/files/Fraunhofer%20ISI\\_ReferenceTargetSystemReport.pdf](http://energycoalition.eu/sites/default/files/Fraunhofer%20ISI_ReferenceTargetSystemReport.pdf)

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EEIF participants are:



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