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Open letter

Think Efficiency First to address the energy and climate crisis

Brussels, 20 October 2022

To the attention of:

Kadri Simson, European Commissioner for Energy,
Niels Fuglsang, Member of the European Parliament,
Josef Sikela, Czech Minister of Industry and trade,

Energy is a scarce and precious resource we ought to preserve as much as possible. Today's unprecedented energy and climate crisis offers the momentum in the European Union for structural reforms and short-range measures setting energy efficiency at the cornerstone of all strategic security, policy and investment decisions, both for individual end-users and for the whole energy system.

With this letter, we would like to call on your support so that “Energy Efficiency First” becomes the overarching principle to be operationalised in all of the EU, national and local policy, planning and investment projects regardless of the size of investments.

Because energy efficiency is our first fuel, a source of energy in its own right.

With the revision of the Energy Efficiency Directive, EU Institutions are due to agree on provisions that introduce in the regulatory framework the implementation of the “Energy Efficiency First” principle.

In view of a net-zero 2050 future, “Energy Efficiency First” is about reducing energy demand, activating demand response, and producing the required energy efficiently to optimally ensure that renewable generation capacity matches the reduced energy needs in a flexible, cost- and resource- efficient way. This requires that public and private actors must systematically assess and implement efficient solutions at the demand side in the planning, policy and investments decisions having an impact on the energy system.

Yet, the current negotiations could miss this potential.

The Council of the EU proposes to apply the principle only to major investment decisions with projects above €150 million and €250 million for transport infrastructure. This means that the energy efficiency first principle would not be applied to most energy projects at local level that do not reach these thresholds. It is therefore key that the final agreement on the Energy Efficiency Directive does not include any thresholds for applying the principle.

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This is the first step to avoid investments in stranded assets and rethink the way we produce, transmit and consume energy.

The European Union needs to transition from a centralised and inefficient fossil-based energy system to an efficient system based on renewables. Applying the Efficiency First principle enables the development of a more decentralised and integrated system. We believe that instead of ever-increasing energy supply capacities, saving energy and activating demand-side flexibility puts consumers at the centre of an energy system where “prosumers” consume less, actively engaging in generating their own heat and power locally, and help balancing the grid.

Focusing on efficiency not only cuts down energy needs and costs, it is also key in the global path to achieving climate neutrality. According to the International Energy Agency, doubling the current rate of energy intensity improvements to 4% a year has the potential to avoid 95 exajoules of final energy consumption by the end of the 2020 decade. This level of energy savings would reduce global CO₂ emissions by 5 billion tonnes by 2030.¹

In addition, from an economic and societal perspective, increasing energy efficiency delivers numerous benefits both for the whole energy system and for consumers. It makes the EU’s energy system less vulnerable to energy price shocks and is a long-term, structural solution to alleviate energy poverty and improve the living conditions of European citizens in a more energy performant and comfortable built environment. An efficient and climate neutral system means more security, less dependency on energy imports from third countries, reduced costs in renewable curtailment and grid reinforcements.

We are deeply convinced that the “Energy Efficiency First” principle is the foundation of this systemic transformation. That is why we call on the EU co-legislators to swiftly adopt the revision of the Energy Efficiency Directive and to set a clear framework for the application of the Energy Efficiency First principle for the whole energy system and across all sectors, regardless of the size of the investments for energy projects.

Yours sincerely,

¹ IEA (2022), [The value of urgent action on energy efficiency](#), IEA, Paris

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Co-signatories:

