

High-level public conference on implementing  
the European Green Deal and Climate Law  
*Brussels, Tuesday 28 January 2020*

## **Speech by Monica Frassoni, President of the European Alliance to Save Energy**

**The production and use of energy across economic sectors account for more than 75% of the EU's greenhouse gas emissions. Energy efficiency (EE) must be prioritised.** If we all want to go towards electrification, digitalisation and all the necessary elements that a successful and just transition entails, we need to cut radically our energy demand, by half by 2050 in comparison to 2005, says the Commission.

**In other words, we need to fully implement EE FIRST** in the decision making and planning of EU energy infrastructure including facilities for generation, transmission, distribution and end-use consumption. This should be addressed in the review of TEN-E, PCI list and in the design of the EU decarbonization package.

We are not yet there I am afraid. EE is still the Cinderella of the energy debate.

Considering the little time we have ahead of us to **fully decarbonize and decouple growth from energy consumption**, it strikes me how much more attractive seem to be to run incredible risks like investing billions in tax-payers money in not yet fully working technologies like trying to “recycle” gas infrastructures or to capture CO<sub>2</sub>, **instead than rushing to make our houses more comfortable and smart or our industries and transport systems less dependent on the moods of foreign leaders.**

Technologies are there, numbers are clear. The building sector impacts 20 million jobs and 92% of companies are SMEs. According to the EC Impact Assessment, for every 1% extra energy savings by 2030: EU gas imports fall by 4%, GHG emissions decrease by 0.7%, Employment increases by 336,000 jobs. **How many other sectors have a better business case in terms of job creation?**

Let's face it. If we need to be fully decarbonized by 2050 or earlier, all public efforts must go to energy efficiency and renewables. And no public money should go to activities that go against this landmark objective. **Climate law should be very clear to help us avoid doing like Penelope, who undid in the night what she wove in the day.**

If you ask me what more needs to be done to reach the EU's energy efficiency (and climate) objectives, I can reply that the **first condition is that the regulatory and financial framework improves: the push of current regulation to develop really transformative demand and finance for EE projects is clearly not up to speed.** Potential is not used. So, we have to make sure that current energy efficiency targets – as the ones for renewables- are very quickly adapted to the objective of climate neutrality by 2050 or earlier, **going up, in the case for energy efficiency to at least 40% binding by 2030**; this means define as soon as possible what “increased ambition” for 2030 means and **reopen the Clean Energy Package in order to align it with the new higher targets.**

We are convinced that we need to implement at best current legislation. However, if what we have is clearly inadequate to the goal, then we will simply not get to net zero emissions in time: governments and the EU must reset their energy policies. **Only by setting clear rules and by concentrating public resources to accelerate EE and RES deployment and allow exit fossil fuels dependence we will decarbonize quickly and be coherent with EGD challenge.**

In this respect **we would ask the Commission to reconsider the timing of the decision on the higher ambition for 2030; the EU risks not to have a joint and ambitious position on time for Glasgow (the last opportunity to raise global commitments to cut emissions before the entry into force of the Paris agreement).** This would give a very negative signal also for the business community. **Indeed, we see a clear link between the Climate law and the timing to increased ambition for 2030. One cannot be impactful without the other.**

Among the other key conditions are:

- Apply systematically the **“energy efficiency first principle” to all energy planning and investments (include it in the Climate Law) and to all EU funding programs, also facilitating technical assistance.** In this moment it is not the case: the choice of PCI, for example, demonstrates that unfortunately EE1 is not yet mainstreamed: even if promoting energy efficiency is already included in the Art 194 of the Treaty on the Functioning of European Union.
- Remove **all existing barriers to Energy Performance Contracts (EPCs)**
- Promote **digitalisation** as a greater driver for efficiency.

With regards to the **Climate Law we call for the inclusion of climate neutrality by 2050 with intermediate milestones in 2030 and 2040.** Moreover, **the Climate Law should promote policy coherence across the board.** To achieve this, it should contain an increased and mandatory EE target, an increased RES target, while foreseeing the phase out of fossil fuel investment and **an overall policy mainstream.**

**Buildings need to be climate neutral by 2050 as all other economic sectors, this is already an obligation foreseen by EU law (EPBD).** This implies that all existing buildings undergo renovation (improving both the envelope, replacing old and inefficient heating and cooling appliances, improving their digital smartness and ability to interact with the grid) and improve their energy management. **In order to achieve this goal, energy renovation rates have to be accelerated to reach 3% per year (currently 1%). If we manage to do this, our chances to be climate neutral by 2050 will be massively enhanced.**

We have a full list of proposals that I cannot detail here. Nonetheless, I would like to mention that the **Climate Law should include a long- term vision for the buildings sector, applying the Energy Efficiency First principle and re-affirming the objective of a highly energy efficient and decarbonised building stock by 2050; we also propose** that the Commission comes up with new EU measures to support the specific case of energy renovation of rented property by putting in place minimum standards accompanied by a

comprehensive package of financial and technical support; and that EU institutions show the way by fully decarbonizing by 2030.

### **More suggestions concerning buildings:**

#### **1. For public buildings:**

**MS and EU institutions to lead by example ensuring that 100% of public (central, regional and local) buildings are nearly-zero energy (NZEB) by 2030 and probably EU buildings could give the example!**

- **Revise Article 5 of the Energy Efficiency Directive accordingly.**
- **Launch a flagship initiative for buildings renovation, targeting social housing, schools and hospitals and communicate about the energy savings, economic, societal and environmental benefits of these renovations to a wider society.**
- Develop and implement comprehensive renovation programs for European Institutions.
- Foster development of the Building Renovation Passport for public buildings with tailored renovation programmes.
- Enable access to innovative financing schemes, such as EPCs, at EU and national level for comprehensive renovation strategies.
- Embed Green Procurement into activities of public bodies taking into account best energy efficiency performance over lifetime of products and systems.

#### **2. For residential and commercial buildings:**

- **Prioritise energy renovation of the worst performing buildings, as required in the Long-Term Renovation Strategies, notably via developing minimum energy performance requirements.**
- **Develop mandatory renovation targets for certain categories of buildings such as large commercial and rented buildings.**
- Building on the mapping of the building stock carried as part of the Long-Term Renovation Strategies, create obligations to renovate homes during specific moments of the buildings' life, such as change of property or of tenant (trigger points).
- **Develop financial and fiscal incentives and overcome barriers such as 'split incentives', to increase renovation rates and promote deep staged renovation with ambitious energy efficiency goals.**
- Support and facilitate the deployment of Building Renovation Passports, to ensure proper planning of renovation works and avoid lock-in effects.
- Develop skills to ensure coordination and quality of work and encourage conditionality of support schemes to accreditation of workers and contractors.
- Roll-out real energy performance programmes to ensure delivery of quantifiable metered results at scale. » Scale up One-Stop Shop

### About the European Alliance to Save Energy (EU-ASE)

EU-ASE was established in December 2010 by some of Europe's leading multinational companies. The Alliance creates a platform from which our companies (Danfoss, Ecolab, Kingspan, Knauf Insulation, Orbital Systems, Saint-Gobain, Schneider Electric, Siemens, Signify, Veolia and Xylem) can join with politicians and thought leaders to ensure the voice of energy efficiency is heard from across the business and political community.

EU-ASE members have operations across the 28 Member States of the European Union, employ over 340.000 people in Europe and have an aggregated annual turnover of €115 billion.

