EUROPEAN ALLIANCE TO
SAVE ENERGY
Creating an Energy-Efficient Europe

Response to consultation: European climate law

3 February 2020

According to the Commission LTS, the EU must halve its energy consumption by 2050. Energy efficiency therefore must play a central role in achieving net-zero GHG emissions by 2050.

Considering that the world economy will triple by 2050 and that global population will increase by nearly 2.3 billion by 2050, **energy efficiency is the most cost-effective way to decouple economic growth from emissions**.

Significant reductions in overall energy demand will come from energy use in buildings. Residential and commercial buildings currently account for 40 % of EU energy consumption – with 75 % of these buildings being built before energy performance standards existed – 36% of emissions and 50% of the total mineral resources extracted from the planet. Most of the housing stock of 2050 already exists and will need to be renovated. Our building stock needs to become net zero carbon, which involves ramping up the rate and depth of renovation and ensuring efficient and decarbonised energy supply in the building sector. The "Renovation Wave" needs to build from the implementation of the Long Term Renovation Strategies, but also explore new drivers and triggers, including regulation, in order to scale up what has worked well in some countries.

There is no smart system without managing and optimizing the demand and supply of energy. Hence, pathways that do not count in and are based on efficiency are simply not feasible and incredibly risky. In order to make this green transition a reality, we have no choice other than become an energy efficient society.

EU and national policy makers need ensure that this transition is not "just a transition", but a just transition.

Fortunately, an increasing share of the population understands that the EU will gain from the green transition. However, the distributional consequences of climate policies need to be addressed, otherwise we risk a social backlash against decarbonization (yellow vests).

EE can help to address such social backlash thanks to the multiple social, economic and environmental benefits of EE policies. The green transition will eliminate the need for jobs in some sectors but will also create and redefine **local jobs in new, smart and sustainable sectors**. For example, the building renovation in the EU already impacts around 20 million jobs and 99,9 companies in the construction sector are SMEs and more than 94% are micro-enterprises. **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 336000 jobs**

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More than 50 million Europeans are at risk of energy poverty. Member States have often chosen to finance public support to renewable energy by increasing electricity taxes for individual consumers, which may have worsened the situation of vulnerable households.

However, **the energy transition gives a genuine opportunity to alleviate or even eradicate energy poverty in Europe if ambitious measures to increase the energy efficiency of housing are put in place**. This would improve living conditions (especially of the most disadvantaged part of our society), reduce bills, revalue properties and create more jobs in the construction sector.

Currently EE target is not legally binding: Energy consumption has been increasing since 2014. Energy Efficiency gap in the draft National Energy and Climate Plans is around 6%.

Therefore, as European Alliance to Save Energy we call for:

1. Inclusion of climate neutrality by 2050 in the Climate Law with intermediate milestones in 2030 and 2040. An in-depth assessment of the trajectory towards 2050 would enable to set a relevant 2030 targets that put our economies on track to 2050.

2. Inclusion of the **energy efficiency first principle in the Climate Law** and its application to all energy planning and investments.

3. Climate law to promote **policy coherence across the board**, as such, an **increased and mandatory EE target**, increased RES target and phase out of fossil fuel investment.

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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, Kingspan, Knauf Insulation, Nalco Water, Orbital Systems, Saint-Gobain, Schneider Electric, Siemens, Signify, Veolia and Xylem Inc.) can ensure that the voice of energy efficiency is heard across the business and political community.

EU-ASE members have operations across the 27 Member States of the European Union, employ over 340.000 people in Europe and have an aggregated annual turnover of €115 billion.

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