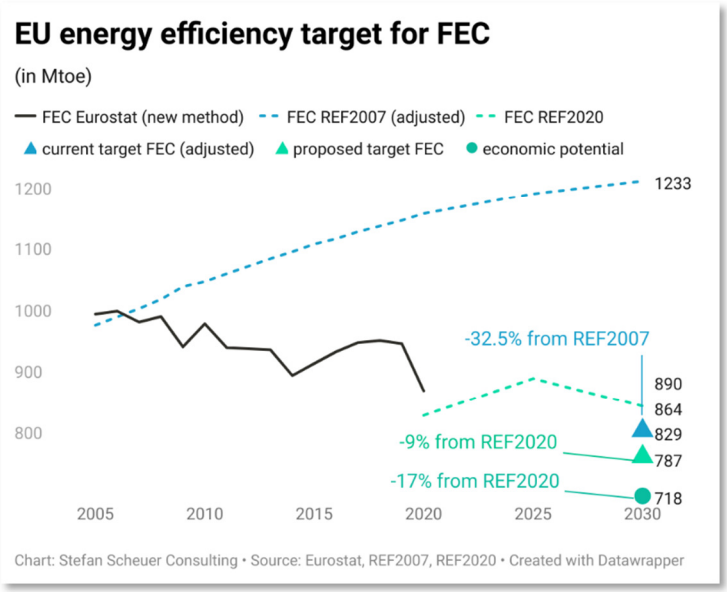
31 January 2022

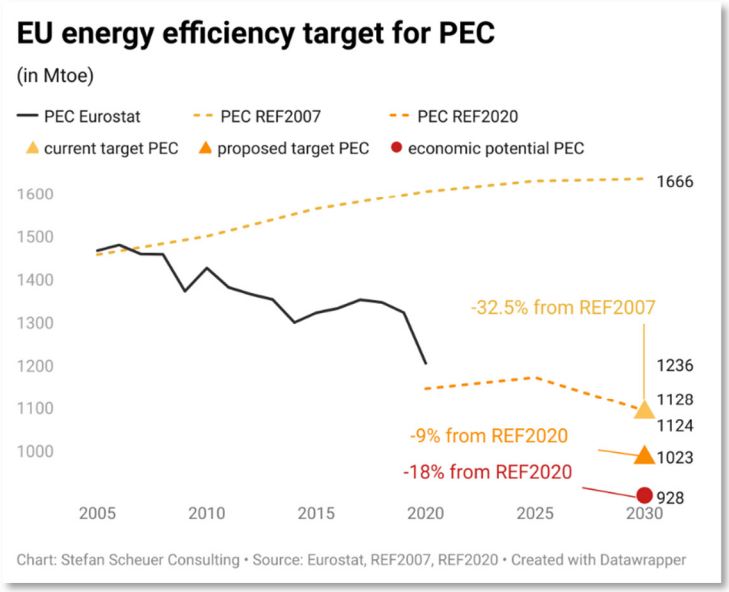
Input for the discussion on the EU 2030 target level for energy efficiency

The European Commission proposed a 2030 EU energy efficiency target of at least 9% below the new REF2020 scenario, in absolute numbers 1023 Mtoe for primary energy consumption (PEC) and 787 Mtoe for final energy consumption (FEC). This level is based on the 'Mix55' scenario of the Climate Target Plan. The European Commission states this is the level needed to reach in a cost-effective way the EU 2030 climate target of reducing GHG emission by 55% and ultimately the carbon neutrality target set for 2050.

This level of ambition:

- is to be seen as **an absolute minimum**. Going below would jeopardise the climate neutrality goal and make the clean energy transition more expensive;
- is well **below the cost-effective potential** for energy efficiency. According to latest modelling, it would stand at 18% for PEC and 17% for FEC[1];
- is **built on the current 2030 target gap for FEC**. The new baseline EU reference scenario (REF2020) reaches in 2030 a FEC of 864 Mtoe, well above the current target of 829 Mtoe (adjusted to new Eurostat method[2]). According to explanations in REF2020, this difference for FEC is due to unambitious national contributions set by Member States in their NECPs summing up to -29.6% instead of the required -32.5%. The gap for PEC was closed by taking into consideration measures to phase out coal and nuclear. It reaches 1124 Mtoe, which is slightly below the current target of 1128 Mtoe.[3]





Conclusion:

The proposed target level is at the lower end of what is needed to secure a fast, fair and attractive transition to a climate-neutral energy system. A higher target level would be beneficial in particular to protect the most vulnerable. In order to achieve a higher level, the annual savings in Article 8 need to be adapted accordingly (see position of the Coalition for Energy Savings, January 2022).

The binding character of the EU target and national contributions, and a strengthened target governance are key for the success of energy efficiency policy.

The REF2020 baseline for FEC is weaker than the current target, due to the gap to meet it. This is a sign of policy failure. The EED recast is the opportunity to improve the governance.

[1] Stefan Scheuer Consulting, Fraunhofer ISI (October 2021): Will the Fit for 55 package step up energy savings policies? A high-level assessment.
[2] The scope of the EED recast is aligned with the new Eurostat method to calculate PEC and FEC. Yet, it excludes energy used in blast furnaces from FEC, which we estimate around 17 Mtoe in 2030. The current FEC target is adjusted accordingly from 846 to 829 Mtoe.
[3] COM (July 2021), EU Reference Scenario 2020, p. 98

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