



High energy prices drive up need for energy savings

Briefing
19 April 2022

Latest research shows that the EU's economic energy savings potentials are growing as energy prices increase. The European Commission has proposed a 9% energy savings target for 2030 in the Fit for 55 Package, but the economic potential could reach up to 23% in case whole-sale energy prices are double in 2030 compared to the EU's estimate before Russia invaded Ukraine earlier this year.

The **economic energy savings potential** captures all the energy efficiency improvements where the energy bill savings are higher than the investment costs. As energy prices increase, additional energy efficiency investments become economic. In case these potentials are not realised the citizens and businesses will bear the financial burden.

Whether the additional investments can be realised depends on the **technical energy savings potential**. The technical potential is changing over time. It is nearly economic and limited by available market capacities and dominant investments cycles.

Today's **whole-sale energy prices are more than three times** of what the European Commission had assumed for 2030 in its assessment underpinning the Fit for 55 Package. The fundamental change of EU's energy supply driven by the need to substitute Russian energy imports will lead to structurally higher prices in the long-term.

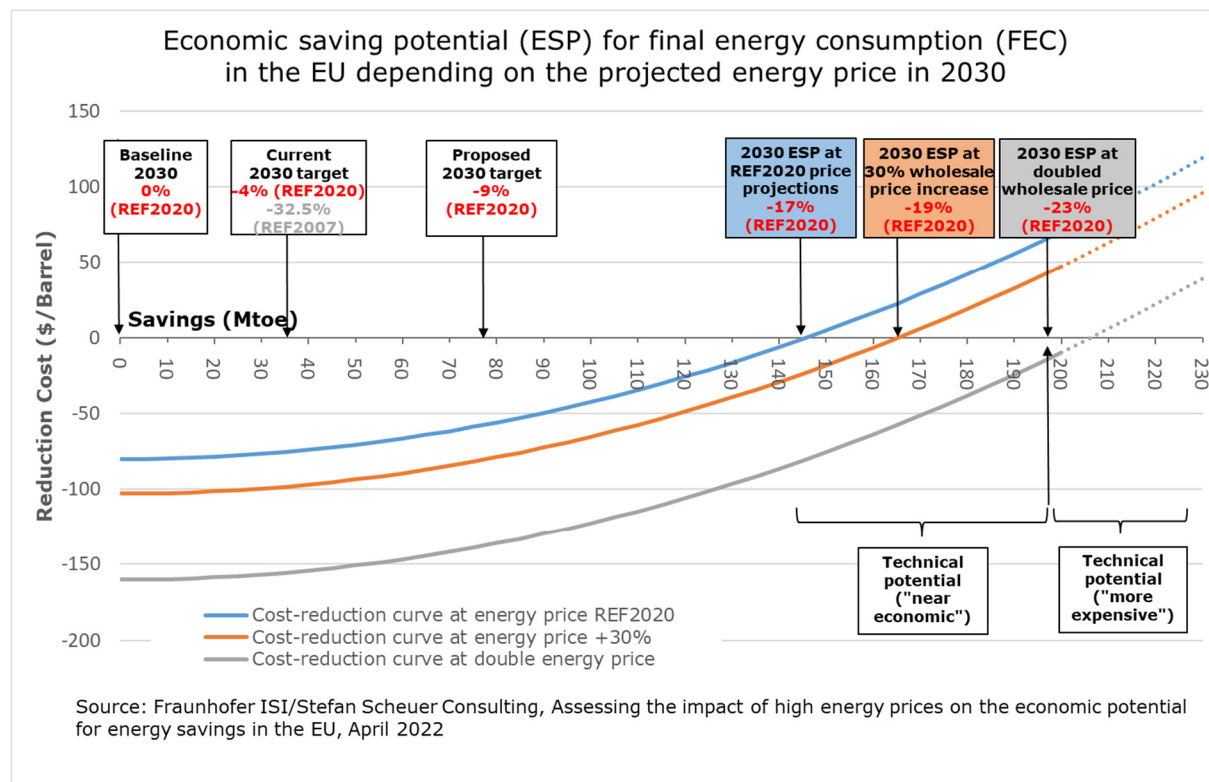
In this context Fraunhofer ISI and Stefan Scheuer Consulting assessed the impact of different 2030 price levels on the economic energy saving potential in the EU¹. The economically achievable 2030 final energy consumption and reduction compared to the REF 2020 baseline (864 Mtoe) are:

¹ Fraunhofer ISI/Stefan Scheuer Consulting, Assessing the impact of high energy prices on the economic potential for energy savings in the EU, April 2022

- REF 2020 prices projections: 718 Mtoe or -17%;
- Wholesale price increase by 30%: 699 Mtoe or -19%; and
- Doubled wholesale price: 667 Mtoe or -23%.

The European Commission has proposed a target of 787 Mtoe or -9% in the recast of the Energy Efficiency Directive, July 2021.

The European Parliament's rapporteur, MEP Niels Fuglsang, proposed to set the target at 700 Mtoe or -19%.



Tapping the economic energy savings potential will enhance supply security and reduce the energy system costs. It will protect households and businesses from unnecessarily high energy bills caused by an oversized energy supply.

The EED recast proposal is based on modelling with energy price assumptions which have become outdated. Higher energy prices justify and require additional energy efficiency efforts.

This briefing is part of the project '**Assessing the impact of high energy prices on the economic potential for energy savings in the EU**' by Stefan Scheuer Consulting and Fraunhofer ISI, supported by DENEFF and ROCKWOOL Group.

For questions, please contact:
Stefan Scheuer at mail@stefanscheuer.eu