Consultation Response

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Eurima Response to the European Commission Consultation

✓ Energy efficiency is the solution to address the three big crises facing the European Union

Whilst the European Union has to redefine its 2020 strategy, it is more urgent than ever to make energy efficiency one of its first priorities. Energy efficiency offers a powerful and cost-effective tool for tackling the three big challenges of the next decade.

1. Economic recovery: Energy efficiency should become one of the pillars in Europe’s job’s and growth strategy since it offers solutions to generate wide-scale business opportunities in the EU as well as to create hundreds of thousand of jobs across the European Union.

2. Fight against climate change: Energy efficiency offers the largest, fastest and most cost-effective way for Europe to reach its climate policy targets.

3. A secure energy for all: Energy efficiency is the most easily accessible measure to cope with the increasing dependency of the European Union on external sources of energy supply and to ensure that the effect of expected future energy price volatilities is better managed, thus preventing energy poverty and undue stress to EU businesses.

✓ In order to achieve a smarter, greener and more competitive economy, the EU needs to unlock the Energy Efficiency potential through the adoption of a consistent and ambitious policy.

Now more than ever, the European Union urgently needs to show the world that a greener and smarter economy, becoming more productive by reducing pressure on resources, is the only option for a sustainable future. To achieve this, it is essential to unlock the potential of energy efficiency.

There is a widespread recognition that current measures in the EU will fail to achieve EU’s 20% energy saving target by 2020 which was agreed by the 27 European Heads of States in March 2007.

The European Union should adopt a set of energy efficiency criteria aiming to assess every future EU policy as well as a mandatory measurable savings target for energy efficiency of 20% by 2020 for the EU as a whole and for the EU Member States.

✓ Energy Efficiency in Buildings is the low hanging fruit

In the path towards energy efficiency, buildings are a reachable and essential first step. Following the much welcomed political agreement on the recast of the Energy Performance of Buildings Directive (EPBD), the EU should ensure effective implementation and compliance of this legislation while taking the lead in developing and encouraging financial incentive schemes aimed at the large uptake of energy efficiency measures in the building sector. This can be done by:

1. Mobilising a new source of growth: A “EU Marshall Plan” for buildings that would give the necessary impetus for a massive energy refurbishment of existing private and public buildings, creating thousands of jobs and seizing the potential for saving millions

2. A wide-scale training and communication effort aiming to address the knowledge gap of buildings professionals and the general public on the issue of energy efficiency in buildings.
1. INTRODUCTION

Eurima is the European Insulation Manufacturers Association and represents the interests of all major mineral wool producers throughout Europe. Eurima members manufacture a wide range of mineral wool products for the thermal and acoustic insulation and fire protection of domestic and commercial buildings and industrial facilities. Eurima was established in 1959 to promote improved standards and regulations for the use of insulation materials. More recently, we have been actively involved in campaigning, to reduce the staggering waste of energy from the European building stock.

We believe that this consultation paper is particularly timely in view of the need for the European Union to develop a consistent and ambitious policy on energy efficiency and buildings. This is the only way to address Europe’s growing dependence on foreign energy supplies, the need to ensure Europe’s competitive edge in the long term, to reduce greenhouse gas emissions as well as to address new social challenges for European citizens such as energy poverty.

While Eurima has very much welcomed the efforts made by the EU institutions to start tapping into the huge energy efficiency potential of the buildings sector, such as the recently adopted EPBD recast, we still lack a consistent and ambitious energy efficiency policy addressing the full picture. The EU has to press on more than one button to deliver the potential of energy efficiency to Europeans. This is the reason why it is so important for the EU 2020 strategy to prioritize the issue.

2. ENERGY EFFICIENCY – ENSURING SUSTAINABLE GROWTH WHILE ADDRESSING NEW SOCIAL CHALLENGES

The global crisis has seriously affected EU economies and caused massive job losses. It is therefore crucial for the European Union to take actions that would boost employment and ensure stable economic growth, while creating the necessary conditions for a robust economy, more resistant to future possible crisis. We strongly believe that the EU strategy must take into account the crucial contribution that energy efficiency can make to its wider economic, social and environmental policy objectives. It is important that this opportunity is addressed, to ensure that the policy conclusions that are drawn put the emphasis in the right places, such as,

- **Sustainable growth:** Energy efficiency can create revenue generating business opportunities that go well beyond mere cost reductions with bottom line impact. For example: 40% of all Europe’s energy is used in buildings yet Europe could cut this use by half, liberating 20% of our current energy. At today’s energy prices this reduction in energy use amounts to 270 billion EURO a year in savings. The good news is that European companies are well positioned to capture these opportunities both by offering tailor made solutions in existing technologies (mineral wool insulation) and being at the forefront of technological development.

- **New jobs:** Saving energy takes work, work carried out by Europeans and European businesses (often local SMEs). An earnest effort to pursue efficiency opportunities can generate large numbers of middle-skill jobs, such as operating engineers, electricians, plumbers, other construction craftspeople, machinists and mechanics, to name just a few. Jobs like these are the backbone of the EU economy, are the foundation of the new green economy, are difficult to export and are the on-ramp to the middle class for many Europeans. For example: a concerted effort to upgrade the energy efficiency of existing buildings, during the normal renovation cycle, would create up to an additional 530,000 jobs a year across the EU. The expertise created would also help European companies to be world leaders in delivering energy efficiency outcomes.

- **Addressing energy poverty:** The improvement of energy efficiency will improve living conditions in the poorest areas of EU. It can also help reduce the impact of increasing energy bills on individuals and countries. Energy efficiency can help householders to deal with the increasing volatility of energy prices. Energy poverty is an increasing source of concerns across Europe. For example, 14.6%, of Belgian households stated they could not afford to pay to keep their home warm in 2005, according to a survey by SILC.
3. ENERGY EFFICIENCY IN BUILDINGS - THE MOST COST-EFFECTIVE WAY TO ADDRESS CLIMATE CHANGE

More than ever, Europe now must lead the world with actions and show that large scale CO₂ reductions are possible. The best way to show leadership is tackling the problems in the right order: Improving energy efficiency is essential in order to extend limited resources, get the best of what we have without damaging the environment and reduce climate change.

- **The lion's share of EU final energy consumption and CO₂ emissions comes from buildings.** The building sector is indeed critical for Europe in order to achieve the ambitious target of reducing CO₂ emissions by 60% to 80% in 2050 compared to the 1990 level. Actually a well acknowledged target for buildings, which represent 40% of energy consumption, is to reduce its emissions by at least 80% compared to those of 1990. A failure to act in this sector will thus lead without doubt to a failure to achieve EU goals in the fight against climate change.

- Whilst the European Union is likely to struggle to achieve its CO₂ reduction objective for 2020 and 2050, a majority of players from the building chain is calling for more ambitious measures at EU level, in order to help the EU to achieve its climate goals while contributing to the recovery of European economies. The need for a high level of ambition in the area of EU buildings requires an EU wide coordinated action. Current national requirements for residential buildings are indeed far from cost effective levels.

The U-Values for better energy performance of buildings (Ecofys VII) report, commissioned by Eurima in 2007, showed that out of 100 cities across Europe, almost all of them have current insulation standards which are below the cost-optimum and climate ready standards. Unless they are strengthened significantly, these requirements will not allow Europe to achieve its medium and long-term climate goals. Energy efficiency in buildings, and in particular insulation, are highly cost-effective measures, as demonstrated in the study by the European Commission’s Joint Research Centre : 80% of the greenhouse gas reduction potential in buildings in Southern Europe and 95% of the potential in Central Europe can be reached at negative CO₂ abatement costs.

- **It is essential to ensure that the European Union moves towards very low energy buildings** and net zero energy buildings standards applying to existing buildings as well as to new buildings; by far the major part of energy used in buildings is consumed in the existing building stock. The recent adoption of the EPBD recast has partially addressed the problem but more needs to be done to address the potential of the existing building stock.

- It is also important to explore **climate impact assessments and mandatory sustainability criteria in construction standards** to help Europe to adapt to climate change as well as to provide to Europeans with homes taking into account the future variation of the climate.

4. ENERGY EFFICIENCY IN BUILDINGS - A KEY PILLAR OF THE EU’s ENERGY POLICY

- Consuming less energy is crucial in order to assure the EU’s economic stability and prosperity independently of the political and economic strategies of its suppliers. This is very important since **our dependency on foreign sources of energy increases energy-price volatility**, so harming the economy whilst endangering the poorest EU citizens.

The European Union currently imports 50% of its energy and estimates this will rise to 70% in the next two decades if no further action is taken. With 40% of Europe’s energy used in buildings, energy efficiency is a new fuel for Europe and plays a vital role in making Europe more energy secure. Europe currently uses the equivalent of more than 6 million barrels of oil per day to heat its homes and offices. **Simple measures such as roof and wall insulation could cut this energy use by the equivalent of 3.3 million barrels of oil a day** - or 700 000 more barrels of oil than the EU imports from Russia on a daily basis

- **Demand side management** is a core component of the internal energy market because it can have a critical impact on energy prices. To re-adjust the market’s competitiveness, we therefore have to leverage the demand side. Why? Because energy efficiency gains over the last 30 years are greater than the contribution to Europe’s energy needs of any current fuel source - more than oil or gas provides. Therefore, a competitive internal energy market is
inextricably linked to the improvement of energy efficiency in buildings as it can deliver cost-effective options, secure availability of energy at affordable prices as well as create jobs.

- Europe needs to make use of its energy efficiency power in order to **re-affirm its political independence**, whilst energy is becoming a major point of leverage on the international scene. Energy efficiency is the only sources of energy without any trade-offs. It can reduce Europe’s energy dependency on politically unstable parts of the world, without having to trade this off against other forms of security. The energy reduction potential in buildings is so significant that it can also reduce the risk that Europe’s need for energy will undermine its ability to stand strong and firm on human rights issues or other political priorities that may otherwise have to be traded against energy security.

5. **RECOMMENDATIONS**

Eurima agrees with the Commission that this is a clear **time of deep transformation for Europe**. The new challenges that have appeared in the recent years have shown us very clearly that the EU must take the direction for a competitive, greener and sustainable economy.

Obviously, there is not a single magic solution to achieve this. But there is a clear consensus that a significant increase of energy efficiency must be the guiding principle for the future. Therefore, Eurima calls on the European Commission to **recognise the strategic importance of energy efficiency in general, and efficiency of buildings in particular**, in its 2020 strategy, by supporting a better policy framework based on three pillars:

1. **Coherent policy framework**: Europe needs to establish a policy framework whose major pillar must be the mainstreaming of energy efficiency indicators into every new EU policy, and a mandatory measurable savings target for energy efficiency of 20% of primary energy by 2020. The success of the EU Renewable Energy Sources Directive in promoting the European renewable strategy shows the effectiveness of mandatory binding targets. In comparison to the renewable and carbon reduction strategies, the focus and effort on implementing the energy efficiency agenda at many levels, particularly in Member States, is poor. In light of the potential of energy efficiency, a sound and well-timed Energy Efficiency Action Plan represents an indispensable step towards the development of an energy efficient and renewable economy in Europe. In parallel, the European Commission must pay a special attention to ensure the current instruments aiming to implement energy efficiency policies across Europe are properly enforced, such as the recently adopted EPBD recast.

2. **Reflect political priorities into the public budgets**: Financing is one of the main barriers to tackle before attempting to improve energy efficiency; otherwise, the implementation of mandatory energy performance requirements could fail. Europe should not only provide adequate financial support, but it should also make sure that mechanisms are put into place so as to facilitate investments in the building sector. What is needed is an "EU Marshall Plan" for buildings that would give the necessary impetus for a massive energy refurbishment of private and public buildings. Financial support shall be complemented with fiscal incentives which would help to achieve the deployment of green building markets at the EU level.

3. **Knowledge-based policy requires communication**: Understanding is needed. There are a number of misconceptions among the general public as well as building professionals about their cost and associated problems. At the same time many of the benefits are not understood. To ensure a transition towards such buildings, these misconceptions need to be addressed. It is therefore crucial that the European Union start to promote the training of the building chain via its structural funds programmes. In parallel, the European Union shall ensure that the knowledge of the general public on energy efficiency is enhanced by multiplying the communication efforts towards European citizens regarding the benefits and the implementation of energy efficiency solutions, especially in the building sector.

Energy efficiency in general, and energy efficiency in buildings in particular, offers the opportunity to support the development of a coherent and integrated approach to the various challenges that the European Union has to face in the next ten years.

**Simple facts show that improving energy efficiency in buildings could achieve much of our objectives.** Seizing this potential requires a collective effort from the European Union’s various policies and a coherent overall approach.