Position Paper

Brussels, 04 September 2006

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Eurima’s Response to the Consultation Paper on the European Strategy for Sustainable, Competitive and Secure Energy

1. INTRODUCTION

Eurima (the European Insulation Manufacturers Association) represents manufacturers of glass and stone wool. In addition to thermal insulation, glass and stone wool products provide sound insulation and passive fire protection. Eurima members are present in all 25 EU Member States and directly employ over 20,000 people, with the installation of insulation accounting for an additional 300,000 jobs.

As an industry that has been actively involved in campaigning, since the late 1980’s, to reduce the staggering waste of energy from the European building stock – currently standing at the equivalent of 3.3 million barrels of oil a day - we welcome the publication of the consultation paper on a European Strategy for Sustainable, Competitive and Secure Energy. We believe that this consultation paper is particularly timely in view of Europe’s growing dependence on foreign energy supplies, the economic waste associated with a lack of energy efficiency in buildings and the massive carbon dioxide emissions that this causes. Saved energy in the building sector could be applied more effectively to our economy, when available for our industrial processes to ensure Europe's competitive edge in the long term.

2. BUILDINGS - A WASTED OPPORTUNITY TO SECURE EUROPE’S ENERGY

Eurima regrets that the consultation paper did not visibly recognise the strategic importance of energy efficiency in buildings in helping to deliver the objective of a sustainable, competitive and secure energy supply. In addition, the Green Paper, does not recognise the important and significant contribution that energy efficiency can make, not only to the Europe’s energy objectives, but also to its wider objectives. It is important that as we discuss the issues raised by the Green Paper and that this missed opportunity is addressed, to ensure that the policy conclusions that are drawn, put the emphasis in the right places.

To understand both the significance of energy efficiency and buildings to achieving Europe’s energy goals, one can simply look at the figures. In Europe buildings represent 40% of our energy consumption, more than transport and more than industry. Half of this energy is being used unnecessarily due to a lack of simple energy efficiency measures. This means that 20% of Europe’s total energy could be reduced through cost effective measures in buildings alone. This is the equivalent of reducing energy use by 3.3 million barrels of oil a day, reducing CO₂ emissions by 460 million tonnes a year or reducing energy expenditure by 270 billion EURO a year. Energy efficiency in buildings is not marginal but core to The Green Paper’s objectives.

Energy efficiency is not only a core issue but it is also the only energy solution without any trade-offs. Environmental objectives need not be traded for competitiveness, energy security need not be traded against safety and security of supply need not be traded against human rights. This is the reason why the European Commission said in June 2005 that “one central pillar of any future energy strategy for the EU must be cost effective energy efficiency improvements and energy savings. Action in this field further complements the Lisbon strategy, strengthens the security of energy supply, and creates significant numbers of new
jobs in Europe and a more competitive industry consuming less energy” (European Commission, Winning the Battle Against Global Climate Change, SEC(2005) 180).

Given the challenges that all European countries face regarding energy, Eurima strongly supports today’s efforts to build a strategic framework for European energy policy. However, we believe that any strategic plan that does not deal with energy efficiency in buildings will not deliver the societal and economic benefits that are needed. Why? The reason is simple - buildings can make a difference:

- **Growth:** 40% of all Europe’s energy is used in buildings yet Europe could cut this use by half, liberating 20% of our current energy. This in turn could be used to boost growth and innovation. At today’s energy prices this reduction in energy use amounts to 270 billion EURO a year in savings. To put this in perspective, the EU Structural Funds budget for 2007-2013 represents around 308 billion EURO for the total period.

- **Energy Security:** Reducing energy use by 20% is the equivalent of reducing oil imports by 3.3 million barrels a day.

- **Environment:** Reducing energy use in buildings reduces CO₂ emissions and emissions of air pollutants. Halving energy use in buildings would cut CO₂ emissions by 460 million tonnes a year, which is more than the EU’s total Kyoto commitment.

- **Jobs:** Saving energy in buildings takes work, work carried out by Europeans. A concerted effort to upgrade the energy efficiency of existing buildings, during the normal renovation cycle, would create up to an additional 530,0001 jobs a year across the EU. The expertise created would also help European companies to be world leaders in delivering energy efficiency outcomes.

- **Cohesion:** The improvement of energy efficiency in buildings is one of the most effective ways to improve living conditions in the poorest areas of EU. It can also help reduce the impact of increasing energy bills on individuals and countries.

3. **ENERGY EFFICIENCY - A KEY PILLAR OF THE EU’s ENERGY POLICY**

The European Commission’s paper identified six areas to achieve a new European strategy for energy but only positions energy efficiency as a way to address our sustainable development. This is in contradiction with the March 2005 European Council Presidency’s meeting which, "emphasises the importance of energy efficiency as a factor in competitiveness and sustainable development". Energy efficiency and in particular energy efficiency in buildings can play a significant role in helping to deliver in all the areas and this must be recognised both as part of the discussions on energy policy as well as on the emphasis and resources that are committed to policy approaches to this issue.

In terms of the six priority areas, energy can contribute in the following manner:

i. **Competitiveness and the internal energy market:** Demand side management is a core component of the internal energy market because it can have a critical impact on energy prices. Competition does not work well in an environment where demand is higher than supply. 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.

ii. **Solidarity and diversification of the energy mix:** Energy efficiency is central to the diversification of the energy mix in Europe. The Council of the EU said that energy diversification should “include the development and exploitation of indigenous energy potential and energy efficiency” in its meeting’s conclusions of March 2006. If we want

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1 Eurima estimate
European countries to be able to show solidarity during an energy crises, Member States themselves or the system as a whole will need spare capacity in order to make this possible. Improvement of energy efficiency in buildings can supply a vast amount of energy savings or so-called ‘negajoules’, which can help deliver this spare capacity.

iii. **Security of supply:** Energy efficiency in buildings is essential to the security of supply of European countries because it can reduce energy consumption at a scale that can have significant impacts on a country and Europe’s dependence on foreign energy supplies. Currently over 40% of all Europe’s energy is used in buildings, this is more than is used in either transport or industry. Simple measures such as roof and wall insulation can cut this energy use in half, reducing energy use across the EU by 20%. It is in line with what the Council of the EU stated in its meeting’s conclusions of March 2006: “the achievement of high energy efficiency levels and tangible, cost-effective benefits for the environment and security of supply”.

iv. **External policy:** Energy efficiency can help Europe to re-affirm its political independence whilst energy is becoming a major point of leverage on the international scene. Energy efficiency in buildings is the only source 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.

v. **Sustainable development:** Buildings are an immediate and cost-effective solution to providing Europeans with the energy benefits they want (e.g. a warm and comfortable house) without scarifying the environment that they cherish. If concerted action was taken today to improve energy efficiency in buildings, a CO₂ emission reduction of 83 Mt per year by 2010 could be achieved with the technical potential of 460 Mt per year being reached by 2032. The combination of green opportunities from renewable sources with the improvement of energy efficiency in buildings can also make a major difference in the fight against climate change and the sustainable development of European countries.

vi. **Innovation:** Although some technologies in buildings such as thermal insulation have proven their efficiency and effectiveness, recent market failures mean that finding ways to ensure these technologies are deployed will need innovative approaches. Innovative approaches are often harder to find than innovative products. However, if we manage to find these innovative approaches this can help to make Europe a world leader on energy efficiency thus, creating a competitive edge. It would offer Europe the opportunity to develop the right mix of regulation, incentives and information, which can yield real differences.

4. **CONCLUSIONS**

Energy efficiency in buildings is often considered only as a way to address climate change while it should be seen as one of the core elements of any energy policy. This is the reason why, the G8 countries stated that “energy saved is energy produced and is often a more affordable and environmentally responsible option to meet the growing energy demand” during the summit meeting in Saint-Petersburg in July 2006.

Energy efficiency in buildings offers the opportunity to support the development of a coherent and integrated approach to the various challenges related to European energy issues. Simple facts show that improving energy efficiency in buildings could achieve much of our objectives. But capturing this potential requires a collective effort from the European Union.

Therefore, Eurima calls on the European Commission to recognise the strategic importance of energy efficiency in buildings in its consultation paper on the European Strategy for Sustainable, Competitive and Secure Energy. We also call on Heads of State to ensure that energy efficiency in buildings is given a very high priority within energy policy and that this is reflected in the Council’s position on the European Commission forthcoming Action Plan for Energy Efficiency. In particular, the Action Plan offers to Europe another major chance to implement a clear road map for seizing the energy efficiency potential in buildings. We hope that this opportunity is seized.
BACKGROUND INFORMATION

EURIMA

- Eurima is the European Association of Insulation Manufacturers and represents the interests of all major mineral wool insulation producers throughout Europe. Eurima members employ over 20,000 people across Europe with the installation of insulation products accounting for an estimated 300,000 man-years.
- Eurima members manufacture mineral wool insulation products. These products are used in residential and commercial buildings as well as industrial facilities. Glass and stone wool insulation secure a high level of comfort, low energy costs and minimised CO₂ emissions. Mineral wool insulation prevents heat loss through roofs, walls, floors, pipes and boilers, reduces noise pollution and protects homes and industrial facilities from the risk of fire.

ENERGY USE IN BUILDINGS

- Currently over 40% of all Europe’s energy is used in buildings, this is more than is used in either transport or industry.
- Measures such as roof and wall insulation can cut this energy use in half, reducing energy use across the EU by 20%, saving the equivalent of 3.3 million barrels of oil a day.

COST SAVINGS FROM ACTION

- A concerted effort to reduce energy use in buildings across the EU 25 would save Europeans approximately 270 billion EURO a year in energy costs.
- This figure is based on a finding of the Ecofys VI (2006) study, which uses today’s energy costs as the basis for future energy prices.

ENVIRONMENTAL BENEFITS

- The major environmental benefit from reducing energy use in buildings is a decrease in carbon dioxide emissions.
- The technical potential from buildings across the EU is a CO₂ emission reduction of 460 million tonnes (Mt) per year, which is more than the EU’s total Kyoto commitment.
- If a concerted action was launched today to improve energy efficiency in buildings, a CO₂ emission reduction of 83 Mt per year by 2010 could be achieved with this figure rising to 144 Mt per year by 2015 and the technical potential of 460 Mt per year being reached by 2032.

JOB POTENTIAL

- Improving energy efficiency in buildings would require a major effort to renovate existing homes, which has the potential to create significant jobs across the EU.
- It is estimated that a concerted effort to improve energy efficiency in buildings would lead to the creation of the equivalent of up to 530,000 full time jobs across the EU 25.
- These jobs would remain for the entire period of the renovation cycle, e.g. 30 years.