

Brussels, 2 July 2013

REGISTER ID: 98345631631-22
Avenue Louise 375, Box 4 • B-1050 Brussels

Eurima Response to the consultation on the Green Paper on 2030 Climate and Energy Policy

1. Executive summary

Eurima welcomes the consultation as an opportunity to re-emphasise that a new, ambitious, coherent and consistent package of Climate & Energy policies, targets and measures is a crucial element of any plan to set the EU back on track towards robust economic recovery and sustainable growth. This 2030 policy framework needs to seize the opportunity to fully recognise the key role that energy savings can and must play.

The new policy- package must clearly identify and swiftly put in place those instruments and tools (institutional, regulatory, financial, communication, education, etc) that will maximise cost-effective energy savings. Energy Savings, especially in the building sector, are the closest we can get to a “silver bullet” addressing the EU’s concurring economic, environmental and social crises.

The 2030 policy framework must include the following elements:

- Energy efficiency first:** Energy efficiency is the first and logic priority of EU Climate & Energy policy: A coherent and consistent policy framework must be based on three meaningful and well-articulated binding targets for energy savings, GHG reduction and an increasing share of renewables.
- Sectorial potential assessment:** The target design should have as its starting point a solid assessment of the potential of various sectors of the economy (buildings, transport, energy distribution & transformation, etc) to contribute to overall sustainability, economic competitiveness and growth, security of supply and social progress.
- Long-term approach:** 2030 goals are an intermediate milestone back-casted from a 2050 long-term vision and background.
- Recognition of energy savings in buildings as prime and most cost-efficient contributor:** Buildings are accountable for 40% of EU’s energy consumption and for 36% of its CO2 emissions. Therefore, ambitious, far-reaching policy in this sector is key to realising EE and GHG targets, while facilitating the attainment of the RES target.

Our views can be summarised in the table below:

	2020 Framework	Keys for improvement	Proposed 2030 framework
Basis	Unbalanced: binding targets focused on GHG and RES, neglecting the potential of energy efficiency	Need to tap the enormous potential of energy savings for the three pillars (environmental, economic, social) of sustainable growth	Three meaningful binding targets, focusing first on energy efficiency
Vision	Medium-term, hardly more than 10 years ahead	Long-term perspective for stability and predictability for investors	Setting ambitious goals with horizon 2050 , with intermediate targets “back-casted” for 2030 and 2040
Approach	Ill-defined: Top-down, uncoordinated, immeasurable, and not comparable set of targets, measures, legislation	Need for bottom-up cross-fertilising, synergising, mutually-reinforcing set of targets , measures and legislation, which includes restructuring of EU ETS	Sound analysis of potential contribution of various sectors of the economy for sustainable growth, enhancement of competitiveness and energy security, but with full regard to differing national circumstances
Deliverables	Not holistic, excessive focus on environmental matters and energy supply, disregarding important inter-links	Need to focus on four main areas together: sustainable growth, competitiveness, security of supply and climate protection	
Energy-related focus	Unbalanced, not cost-effective, almost solely supply-side oriented	Need to follow “ <i>Trias energetica</i> ” and seriously address managing energy demand as a first priority	Focus on building renovation as a prime and readily accessible contributor for addressing short, medium and long-term challenges

The sections below provide our views on the following Consultation questions:

- Question 1: Which lessons from the 2020 framework and the present state of the EU energy system are most important when designing policies for 2030?

- Question 3: Have there been inconsistencies in the current 2020 targets and if so how can the coherence of potential 2030 targets be better ensured?

2. Our assessment of the 2020 framework

The binding targets for GHG and RES as laid down by the 2020 framework for Climate and Energy policy certainly were an incentive for concrete initiatives to deliver the decarbonisation goal. However, the absence of a binding energy savings target resulted in structural neglect of the biggest and most cost-efficient environmental, economic and social potential.

The major deficiencies of the 2020 framework are the following:

2.1. Targets well ill-defined, neglecting to properly define energy efficiency improvements

Despite the initial ambition to generate progress in all three areas (GHG reduction, renewables and energy efficiency), the energy efficiency target was the only non-binding element of the 2020 framework. Not surprisingly, this gave the wrong signal to potential investors and industry, leaving the significant potential of this sector untapped, and -at the same time- neglecting the contribution of energy savings for attaining higher levels of GHG and RES targets.

The expected under-achievement in this area led to the need to come forward with specific supporting “measures”, such as the Energy Efficiency Directive (EED). The EED in itself is a good step in the right direction, however it was too much perceived as a “corrective measure” undertaken once it was clear that the overall efficiency target was not going to be attained. The overall target set out in the EED, of a maximum primary energy consumption of 1474 Mtoe for the EU as a whole will be difficult to compare and assess at Member State level on the basis of national reports received. This lack of comparison and consequent lack of enforcement needs to be avoided in the 2030 framework.

2.2. The lack of long-term vision did not provide the much needed predictability and confidence in the efficiency market

The 2020 objectives lacked a clear, long term vision, which made it a “static” and short-term framework. In such a strategic field of action like energy policy (where investments need years to plan and thus a long-term and clear guidance), this does not provide adequate signals to market actors.

In recent years, the EU has come forward with a series of ‘Roadmaps’ addressing the long-term framework (with the horizon to 2050). We believe that this long-term approach is a positive sign that should be followed for strategic policy-making and target-setting involving all stakeholders.

2.3. A top-down approach alone incapable of ensuring real changes

The 2020 framework was too focused on a “top-down” approach, where the underlying philosophy was “first set overall (seemingly realistic) targets and then develop the specific details, measures and tools for their implementation on the ground”.

We believe that this approach is the source of many of the inconsistencies that the EU Climate & Energy framework is facing today. A consistent set of policies in such a strategic area should have been based on a sound analysis of the potential of the individual sectors of the economy, notably:

- In ensuring durable competitiveness for our industry;
- In creating and maintaining stable, local jobs;
- In safeguarding our economic growth and social well-being;
- In attaining our climate and environmental targets.

Since this was not the case for the 2020 framework, a significant potential in all those fields was left untapped, and the various policies and measures on climate & energy lacked consistency and were even sometimes counter-productive.

2.4. Lack of coherence and rationality

- ***Between the policy package and the wider EU priorities:*** The 2020 package, which mainly focussed on environmental deliverables, was not embedded adequately in the three pillars of the sustainable

growth agenda (economy, society and the environment). The deliverables of a consistent and successful climate and energy package must be much broader and more clearly established and quantified, tackling environmental challenges without ignoring other compelling challenges such as competitiveness, job creation and social well-being.

- **Between targets:** the interaction of the various targets was insufficiently analysed, and energy efficiency was mainly considered as an “instrument” to deliver other objectives, not a target in its own right. Also, the different mechanisms put in place by the EU for achieving the 2020 targets have proven to be overlapping, leading sometimes to “policy-cannibalism” and resulting in the current situation of “paralysis” in the EU-ETS-related policy.
- **In the energy-specific arena,** the 2020 framework lacked rationality: Any sensible and logical energy policy should follow the well-established “trias energetica” principle, which states that we need to reduce our energy consumption first, before maximising the use of renewables and optimising the remaining use of fossil fuels. The 2020 framework neglected this approach, ironically giving energy savings a minor role. This has proven to be a handicap all along during the past years.

As a consequence, the EU has missed an enormous opportunity to tap all the economic, environmental and social potential of energy savings, especially in the building sector (and the subsequent multiple benefits in terms of increased competitiveness, job creation, security of supply, economic savings for households, etc). The EU cannot afford to repeat this mistake in the policy-setting for 2030 and beyond.

3. Key success factors for the new Climate and Energy framework

The next framework should build on the achievements of the previous package while allowing for its shortcomings to be fixed. Taking into consideration the strategic importance of the various deliverables of the new climate and energy framework, we believe that the **4 following success criteria** should be carefully followed when designing the climate & energy package.

3.1. Getting the basis right: a good framework should unlock potentials

It is high time to take a holistic approach regarding climate and energy. We can no longer afford that, due to lack of guidance, necessary investment decisions are being either postponed or not incentivised enough to happen. A modern, coherent climate and energy policy is not about just “adding-up” existing targets, measures and policies, but about constructing a coherent, consistent and mutually re-enforcing policy framework that delivers. A GHG target alone, where the EU ETS is a centrepiece, may deliver in terms of decarbonisation, but would neglect opportunities linked to competitiveness improvement, job creation, security of energy supply, improvement of health and work productivity that energy savings would provide at the lowest possible cost. Energy savings is also the least cost option for meeting the GHG target.

This is why we call on the EU to **put energy savings at the very core of the climate & energy policy** and establish in the 2030 framework three well-articulated and meaningful binding targets for (1) energy savings, (2) GHG reduction and (3) renewables. The design of the targets must be the result of a well-planned and co-ordinated approach that takes a long-term view, starting with a solid assessment of how the various policies contribute to overall sustainability, economic competitiveness, security of supply and social progress.

The 2030 framework must generate **policy initiatives and regulations providing additional confidence to investors, industry and consumers**. The focus should be placed on ensuring a holistic and coherent approach that gets the most of each policy area for the three pillars of sustainable growth. “Binding targets” are “the tip of the iceberg” based on coherent and cross-fertilising measures and legislation.

In addition, **existing policy instruments should be taken as a “point of departure” for future action and target-setting, not as an “excuse for inaction”**. This is especially true for energy savings: according to the recently adopted EED, progress towards reaching the 2020 target will be evaluated in 2014. Many argue that no decision on the 2030 framework for efficiency can be taken until this progress evaluation has taken place. In our view, this does not represent an obstacle for looking beyond and setting coherent and consistent 2030 targets, on the contrary¹!

3.2. Providing certainty and consistency through a long-term horizon

It is essential to focus on the long-term objective of our climate and energy ambitions before designing the path to follow and its milestones. The design of the 2030 framework is instrumental and has to be an **important intermediate milestone in delivering the EU strategy for 2050**, where the latter provides a clear

¹ This applies also to the review of the Energy Efficiency Obligation schemes in Article 7 of the EED, designed to consider an extension of the obligation. This review, as set out in Article 24.9 of the EED, can also in principle take place before the stipulated date of 30 June 2016.

vision and investment security for companies and other stakeholders, ensuring coherence with existing Climate & Energy objectives and with long-term Roadmaps.

2030 is a relatively short timeframe for power plant investors, but also for other sectors such as construction. Buildings often last up to 100 years or more, and get renovated only every 30-40 years.

The European Commission has published in the last years numerous far-reaching Roadmaps, setting the framework for policy-making with a horizon 2050. The 2030 set of three mutually reinforcing targets should take into account this long-term perspective and back-cast from a 2050 perspective, therefore providing greater predictability and confidence for investors².

If the post-2020 Climate and Energy policy framework adopts this longer-term thinking and enshrines it in all its measures (including EED and other regulations³), the EU would establish a much-needed solid, predictable legal environment that would maximise benefits.

The sections below provide our views on the following Consultation questions:

- Question 6: How should progress be assessed for other aspects of EU energy policy, such as security of supply, which may not be captured by the headline targets?

- Question 12: Which elements of the framework for climate and energy policies could be strengthened to better promote job creation, growth and competitiveness?

- Question 15: How should uncertainty about efforts and the level of commitments that other developed countries and economically important developing nations will make in the on-going international negotiations be taken into account?

3.3. Focusing on the right deliverables: The “sustainable growth” checklist

Climate and Energy policies are key areas for ensuring not only the long-term competitiveness of European industry, but also the overall sustainable growth. **A number of strategic KPIs need to be integrated upstream in the design of the targets, including:**

a) Economic issues: Competitiveness

- **Trade balance:** Trade deficits in most EU countries are largely due to deficits in trading goods, where energy plays the biggest role. Therefore, one of the key success factors of the new framework will be its ability to reverse this trend and bring tangible changes toward improving our trade balance and ending our energy import dependency. The progress assessment should be done based on saved energy (translated into economic evaluation of “non-wasted” imports). The biggest, most environmentally-friendly and most cost-effective indigenous energy source the EU is energy savings.
- **Securing supply and growth at the same time:** Security of supply is a key economic (the EU wasted over 500 billion € on energy imports in 2012 year), social (fuel poverty?), and political question.

Indeed, in 2009/2010, the EU imported 83.5% of its oil and 64.2% of the gas it consumed⁴. This is largely driven by the energy consumption of buildings, which account for 38% of total natural gas consumption in the EU27 and 59% of total electricity consumption in the EU27⁵. **Moreover, it has been calculated that every \$10 rise in the price of oil (bbl) leads to a 0.94% decline in GDP for those importing oil, whereas a 1% increase in efficiency leads to a 0.18% increase in GDP⁶.** Therefore, ensuring security of supply -through maximising the role of energy savings- should be put at the heart of the EU strategy.

- **Freeing up the economy from its endemic wastage.** Too much money is wasted on energy by enterprises and consumers. Energy inefficiency is undermining our competitiveness, increasing our

² The recently adopted Energy Efficiency Directive (EED) also provides a good example of the right approach: its Article 4 calls on Member States to draw-up long-term strategies for mobilising investment for the renovation of their national building stock. This will lead to far-reaching building renovation roadmaps which will set the scene for long-term energy savings.

³ As mentioned, the EED establishes the obligation for Member States to set up national Energy Efficiency Obligation Schemes, aiming to provide annual cumulative savings, but these schemes are set to be in place only until 2020. This short-term approach will undoubtedly provide some energy savings, but they will be far from the enormous potential that a longer-term perspective would provide and will thus certainly lead to sub-optimal lock-in effects.

⁴ E3G, The macroeconomic benefits of energy efficiency, 2012

⁵ IEA, Presentation to ECEEE, Nov. 2012 - <http://www.eceee.org/calendar/2012/WEO-2012-Brussels-launch>

⁶ E3G, The macroeconomic benefits of energy efficiency, 2012

vulnerability to security of supply problems and unnecessarily burdening our public finances. The less efficient our economies are, **the less likely they are to benefit from any measures toward growth**, because of the disproportionate share of energy costs for enterprises', households' and public budgets. Especially in times of crisis, tax payers expect that public budgets focus on areas of spending that are more relevant than energy waste, such as education, healthcare or research.

Measures to incentivise energy savings, in particular in the building sector, are widely recognised as cost-effective actions that can provide significant environmental and social benefits at negative cost. Long-term investments in this area should therefore be stimulated.

In addition, excellence in energy savings would bring a strong comparative cost advantage for EU industry vis-à-vis its international competitors: in a world where all scenarios point towards higher energy prices, the strong development of EU energy saving technologies would put the European energy-efficiency industry in a **frontrunner position** in this area compared with their counterparts in other regions of the world.

- **Public finances:** The touchstone of a cost-effective energy and climate policy should be to ensure its broader goals while generating positive sum games for public finances. In an economic context where public finances are stretched and substantial savings need to be made, the new framework must also deliver by focussing on those activities that have a positive impact on public finances. For example, research has demonstrated that investing in activities such as building refurbishment can bring vast immediate benefits for public budgets⁷.
- Possible **uncertainty about other economies' progress** should not be an obstacle, but rather an incentive, to act as front-runners. For instance, the development of a powerful EU energy efficiency industry can only help improve Europe's competitiveness and put EU industries in a position of competitive advantage.

b) Social issues:

- **Employment:** It is increasingly clear that energy policies have multiple effects on economic and social development. From this perspective, the new framework must respond to one of the most compelling issues in the EU and help create stable, quality, local jobs in Europe. Energy-saving-related activities have the potential to put back to work millions of EU citizens, especially in those sectors having suffered most during the crisis, such as construction.

The best example is the German KfW scheme for building refurbishment, which in 2010 created or safeguarded -in Germany alone- some 340,000 jobs. By investing in an energy efficiency upgrade of the building sector, the EU Member States can stimulate economic activity, create between 760,000 and 1,480,000 jobs and bring benefits to GDP of €153-291bn depending on the level of investments⁸

- **Focus on consumers:** High energy prices linked to economic crisis have led to an increasing problem of energy poverty in most EU Member States. Energy savings - especially in households - should therefore be favoured as a key element of the "social pillar" of a truly sustainable energy policy.

c) Environmental / Climate issues:

- **Climate commitments:** If the EU is serious about reaching its 2050 climate goals (for example, reaching 85% less overall CO₂ emissions, 88-91% lower emissions from the residential sector), ambitious action must start now and be maintained throughout the process, to 2030 and beyond.

By immediately focusing on actions in those sectors that could deliver wider benefits for the short, medium and long term, the new Energy & Climate framework must enable the EU to keep leadership in global climate policy-making ahead of the global climate agreement by 2015 and beyond.

Some fear that the EU might be undertaking a "one horse race", and that a strong Climate and Energy framework would put EU industry in a disadvantageous position because other economies are less committed on this front. In our view, this fear is unjustified, and would indeed be detrimental to the EU's own growth and competitiveness. Evidence has demonstrated that the contrary is true:

⁷ Impact on public budgets of KfW promotional programmes in the field of energy-efficient building and rehabilitation", Jülich Institute/KfW, 2011. The Jülich study concluded that every Euro invested in building refurbishment programmes yielded a four- to five-fold return the same year through the creation of some 340,000 local jobs, reducing the cost of unemployment benefits and increasing income taxes generated.

⁸ "Multiple Benefits of Investing in Energy Efficient Renovations - Impact on Public Finances", a Study by Copenhagen Economics, October 2012, available at <http://www.renovate-europe.eu/Multiple-Benefits-Study>

other major world economies are quickly progressing on this front, with comparatively bigger changes in term of legislative activity⁹. The EU can lead the way here.

All the elements above form a sort of “sustainable growth check list” that the post-2020 climate and energy policy framework should take as a basis. “Putting energy savings at the core” is -from all those perspectives- an unbeatable option.

*The text below provides our views on **Question 18**: How can the EU best exploit the development of indigenous conventional and unconventional energy sources within the EU to contribute to reduced energy prices and import dependency?*

- **What about “indigenous energy sources”?** At a time in which some seek “revolutionary new technologies”, it is worth reminding that the biggest, most environmentally-friendly, less risky and most cost-effective and logical indigenous energy source in the EU is energy savings. Seizing the potential of this energy source will contribute to massive job creation and enhancement of EU industry competitiveness in the international arena through reduction of energy costs.

The sections below provide our views on the following Consultation questions:

- **Question 4:** Are targets for sub-sectors such as transport, agriculture, industry appropriate and, if so, which ones?

- **Question 10:** Which measures could be envisaged to make further energy savings most cost-effectively?

- **Question 21:** What mechanisms can be envisaged to promote cooperation and a fair effort sharing between Member States whilst seeking the most cost-effective delivery of new climate and energy objectives?

3.4. Getting the most of each area: Achieving the potentials

In order to drive confidence and accuracy for policy-setting, the 2030 framework must take a pragmatic approach, **taking ambitious action where it makes most sense** and maximising the outcome of policy-making.

This will be achieved through **a bottom-up assessment of the potential** of each sector of the economy (e.g. buildings, transport, industry, etc..) to contribute to environmental, economic and social sustainability in the long-term.

For energy savings, this means that the overarching and ambitious binding target must come together with **a sectorial target for the building sector, which is the one offering the highest potential** for cost-effective energy savings, creation of local and stable local jobs, social co-benefits such as health improvement, etc.

It is important to note that targets for sub-sectors should not be regarded in isolation, but as part of an overall coherent approach, **combining bottom-up with top-down targets and burden (opportunity) sharing between targets, in order to avoid double counting**. Targets should be designed in a way that will ensure an equitable share of efforts across sectors and direct investments in the areas where the best results can be achieved.

The current economic context, together with rising energy prices and aggravating trade imbalances, calls for a better prioritisation of energy savings following the “Trias Energetica” principle (which states as mentioned above, that reduction of demand should come first, followed by a focus on supply-side oriented measures and finally rationale use of any remaining fossil fuels). Indeed, energy savings reduce the investment required on the supply side considerably, thus creating available investment capital for revolving funds and at the same time releasing the pressure on the internal energy market.

This, in combination with the above-mentioned sectorial analysis of potential for sustainable growth, must lead to focus on building renovation: Building renovations have by far the biggest cost-effective

⁹ The recent “3rd Climate Legislation Study”, released by GLOBE International, the Global Legislators Organisation states that 32 of 33 major economies have progressed -or are progressing- significantly in their climate and/or energy-related legislation, and that much of the substantive progress on legislative activity on climate change in 2012 took place in emerging economies, including China.

energy savings and emissions reduction potential of any sector in the EU. Whilst more than 80% of the economic savings potential of the building sector remains untapped¹⁰, reducing the energy demand of the EU building stock by 80% by 2050 is possible with currently available technologies. Long-term strategies for a deep renovation of the building stock supported by clear and ambitious national building renovation roadmaps (as requested by the EED), must therefore be at the heart of any future climate and energy strategy.

This sectorial analysis leading to a focus on building renovations should go hand-in-hand with longer-term planning: in the case of buildings, having a 2050 horizon is a pre-requisite: contrary to many other sectors, the building sector is quite predictable¹¹, and research has demonstrated¹² that an overall target of 80% energy savings in the EU building stock by 2050 is the most cost-effective way to reduce CO2 emissions, create jobs and re-launch the EU economy.

*The sections below provide our views on **Question 2: Which targets for 2030 would be most effective in driving the objectives of climate and energy policy? At what level should they apply (EU, Member States, or sectoral), and to what extent should they be legally binding?***

4. Building blocks of the 2030 framework

The 2030 framework should learn from the inconsistencies of the 2020 policy-setting, taking as a basis the following elements:

4.1. Energy efficiency as the first cornerstone of a set of 3 binding targets

Energy efficiency should be the starting point of the Climate & Energy policy, which should be supported by three well-articulated and meaningful binding targets for (1) energy savings, (2) GHG reduction and (3) share of renewables.

The design of the targets must be the result of a well-planned approach which takes a long-term view and departs from a solid assessment on how the various policies contribute to overall sustainability, economic competitiveness, security of supply and social progress.

All targets should be made binding in order to mobilise stakeholders towards implementation, improve the willingness of stakeholders in key sectors to achieve a real change, and increase its chances to be met.

4.2. Timeframe: 2030 target as a milestone toward 2050

The 2030 target for energy savings has a much bigger role than mobilising stakeholders to deliver savings by 2030: it should enable the 28 Member States to be on the right track to achieve their 2050 objectives.

Rather than being looked at as a mirror or prolongation of the 2020 framework, **2030 energy savings should be an important intermediate step in delivering the EU strategy for 2050**, providing a clear vision and investment security for companies and other stakeholders, and ensuring coherence with existing Climate & Energy objectives and with long-term Roadmaps. From this perspective, a pure “10-years-after-2020” approach would be too short-sighted; it would be a strategy that would risk perpetuating the current policy interference and incompatibilities between targets and measures.

4.3. Methodology: Maximising the potentials through bottom-up targets' design, enabling a focus on building renovation

Way to calculate and to assign meaningful targets:

- Overall targets should come together with (and build on) **sectorial in-depth analysis for sustainable growth**. This will favour the realistic and much more credible approach of the overall target and will facilitate the subsequent effort-sharing among MS.
- The 2030 energy savings target must be based on the identification of the main contributing sectors of the EU economy (Buildings, Transport, Energy Transformation, Industry) and **assessment of their maximum individual cost-effective savings potential** in the context of the overall target, taking into account national conditions.

¹⁰ IEA, World Energy Outlook 2012: www.worldenergyoutlook.org/media/weowebiste/2012/PresentationtoPress.pdf - Slide 13, Energy efficiency: a huge opportunity going unrealised

¹¹ The European Commission estimates that 75% of today's buildings will still be there by 2050

¹² Ecofys 2012 “Building renovation in Europe toward 2050: What are the choices?”

- **The general EE target must be accompanied by binding sectorial targets (including a target for buildings)** reflecting the real potential of each sector.
- This will also enable to **express specific targets in the most appropriate way**, e.g. in terms of absolute energy savings for sectors such as buildings or transport, compared to base-lines and base-years, and disaggregated energy consumption in processes and product production for sub-sectors in industry, replicating in a more accurate manner the concept of energy intensity (while avoiding aggregated energy intensity calculations).
- Building renovations have by far the biggest cost-effective energy savings and emissions reduction potential of any sector in the EU. The numerous afore-mentioned studies have confirmed that **reducing the energy demand of the EU building stock by 80% by 2050 is possible with currently available technologies**. Long-term strategies for a deep renovation of the building stock will therefore be at the heart of any future climate and energy strategy.
- Further, **the way to design climate and energy targets should enable to integrate future technological developments**, without waiting for “miracle technologies”. In other words, the point of departure should be available technologies (which already offer wide potential for contributing to targets, for instance energy savings in buildings). In addition, innovation should go beyond pure “technological” considerations. The EU needs innovative approaches and techniques involving environmental, economic and social, as well as behavioural aspects of the policy framework for 2030 and beyond. For instance, the much-needed ambitious building refurbishment strategies require innovative approaches in the financing mechanisms, insurance mechanisms, social policy, or urban planning, etc.

4.4. Mutually reinforcing energy efficiency and GHG targets

There is a need to enhance the cross-fertilisation between instruments such as ETS and overall energy efficiency targets; so that they become mutually-reinforcing. This should also be supported by the available funding: SF/cohesion funds & the ETS revenue. As explained, we believe that the GHG and EE targets are complementary and should support each other to deliver the most savings and GHG reduction.

The aim of the framework built-up of coherent, consistent and mutually re-enforcing targets and measures is to deliver a boost for European competitiveness and ensure reaching climate, economic and social objectives. Therefore, Climate and Energy policy is very much about maximising the cost-effective contribution of different sectors while releasing all possible ancillary benefits in term of promoting growth, employment, health etc... **Representing an industry which has a key role to play in the energy and carbon transition, Eurima expects clear guidance and vision supported by clear targets, and at the same the assurance that its industry can continue to contribute to the energy transition now underway in Europe**, thus investing in a strong industrial base and creating economic activity in Europe.

*The text below provides our views on **Question 13**: What evidence is there for carbon leakage under the current framework and can this be quantified? How could this problem be addressed in the 2030 framework?*

We believe that carbon leakage exposure protection must also remain as a part of the above-described system. In addition, to underline the fact that EU-ETS is strongly embedded in an ambitious overall Climate and Energy Policy framework, the scheme should be re-structured and strengthened, requiring member states to earmark more EU-ETS revenues for low-energy/low-carbon investments, instead of just increasing government tax revenue in the spirit of recital 18 (and article 10.3) of the current ETS-Directive.

Strengthening the obligation to invest ETS-revenues in clearly defined low-carbon/low energy schemes like the deep renovation of the EU building stock, the largest, most cost-effective untapped potential in the EU will not only provide “external” leverage-capital from the private sector to trigger these investments, but also, generate additional “savings-revenues”, thus enabling revolving capital flows. This will boost confidence in the EU-ETS business-model.