

Realising our COP21 goals requires an ambitious and rigorous Effort-Sharing Regulation (ESR)

July 2016

As part of its mission, Eurima promotes energy efficiency in buildings. As our energy system faces a transition, EU buildings legislation must continue to enable structural and sustainable solutions such as mineral wool insulation, which can ensure the overall efficiency of a building over its entire lifespan.

While the ETS legislation covers 45% of EU emissions¹, the Effort Sharing Decisions (ESR) covers 55% of the EU's CO₂ emissions from transport, buildings, agriculture and waste. For the next decade, the Council's vision² is that the non-ETS sectors would deliver a 30% emissions reduction by 2030³.

Reducing CO₂ by 30% in these sectors requires fundamental shift and long-term thinking, at European as well as national level, which means that the ESR has the potential to be a game changer.

With buildings being responsible for roughly one third of the CO₂ reduction under the ESR umbrella, the role of the buildings sector is pivotal to delivering not only our Energy Union objectives but also our global COP21 commitment, whilst making sure that Europe has secure, affordable and climate-friendly energy.

Buildings are responsible for the largest share of European final energy consumption (40%) and they represent the greatest (micro and macro) potential to save energy, reduce our energy dependence, shrink our carbon footprint, tackle fuel poverty, and lower our household energy bills. Addressing this sector, through targeted policies and measures brings enormous short – medium – and long term benefits for consumers, business and government alike.

As part of the Energy Union package '*Framework Strategy for a resilient Energy Union with a Forward-Looking Climate Change*', Eurima welcomes the European Commission's continuation of the Effort Sharing Decision (ESR) until 2030 for certain sectors not covered by the EU Emissions Trading System (ETS) in particular to help meet our COP21 goals.

Our 3 policy asks

- Alignment with the Paris Agreement's goals with a focus on sectors with most cost effective CO₂ mitigation potential.
- An ambitious target with "*Energy Efficiency First*" as leading criteria.
- Rigorous annual monitoring, reporting and compliance rules.

¹ http://ec.europa.eu/clima/policies/ets/index_en.htm

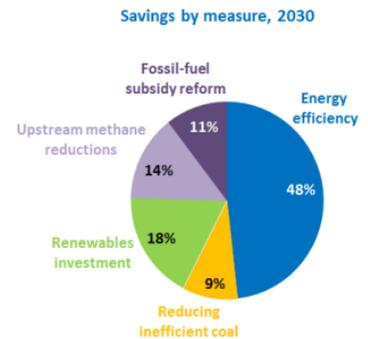
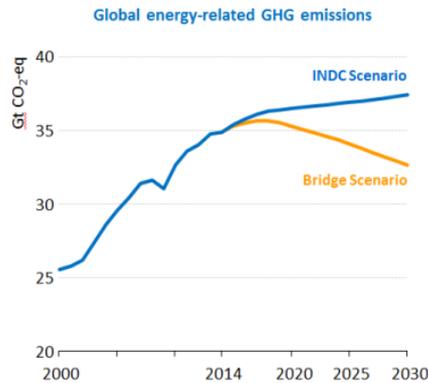
² EUCO 169/14

³ Compared to 2005 (and compared to 20% GHG reduction for the period up to 2020)

Decarbonising the buildings sector through the ESR?

1. Alignment with Paris Agreement's goals

- To meet our COP21 goals, $\pm 50\%$ of global emissions reduction efforts will have to come from energy efficiency. This is the only way to put Europe on par to achieve its COP21 goals to limit the temperature increase to 1.5°C above pre-industrial levels, while at the same time creating positive spill-overs to the areas with the most cost-effective potential for CO₂ mitigation, namely buildings.



Five measures – shown in a “Bridge Scenario” – achieve a peak in emissions around 2020, using only proven technologies & without harming economic growth

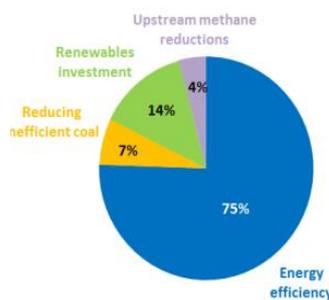
IEA World Energy Outlook Special Climate Report Update, 2016

© IEC/IEA 2016

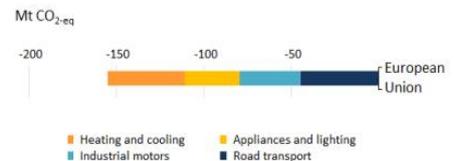
- Together with the revision of the Energy Efficiency Directive (EED) and the Energy Performance in Buildings Directive (EPBD), the ESR represents a unique opportunity to create a consolidated and coherent framework to encourage Member States to take action in areas with the most cost-effective potential and shift towards a low-energy, low-carbon competitive economy, while tapping the full potential in jobs, growth and energy security in the buildings sectors. The ESR is the opportunity to start aligning short term and long term ambitions. This is especially true for buildings which are renovated every 30-40 years. Under the current ESR, there is an implicit binding target to reduce greenhouse gas emissions of the building sector. This target is not supported by an EU requirement to set an energy savings target for buildings⁴.

- As outlined by the IEA World Energy Outlook Special Outlook Report, there are five energy sector measures (relying only on proven technologies and policies) which could help achieve an early peak in total energy-related GHG emissions, at no net economic cost. The first of these “Bridge Strategy” measures is improving energy efficiency in the industry, buildings and transport sectors⁵.

Savings by measure, 2030



GHG emission savings from energy efficiency, 2030



Measures in buildings account for half of the energy efficiency savings in the EU

⁴ OpenX report, Energy Transition of the EU Building Stock, 2016

⁵ Others include the phasing out the use of the least-efficient coal-fired power plants, further boosting investment in renewables-based power generation technologies and reducing methane emissions from oil and gas production.

2. An ambitious target with “Energy Efficiency First (EEF)” as leading criteria

- Setting an ambitious 40% binding Energy Efficiency target, will ensure consistency between EU and national climate and energy targets; help restore a vision for today’s buildings and homes and scale up renovation activities.
- An ambitious ESR for 2030 based on bottom-up assessment of the sectoral potentials in combination with a clear long term vision for the buildings sector ‘all buildings to be NZEB level by 2050’, would drive energy security⁶, job- and growth-enhancing investments in low-carbon innovation and resource efficiency, providing at the same time businesses with certainty and confidence in the construction market.
- In addition, the revision of the ETS and the ESR offer new possibilities to embrace the right pathway, making the two legislations the pillar of a coherent and consistent system which promotes the coexistence and mutual reinforcement of energy and climate policy measures. Under the ETS legislation, Member States should spend EU ETS auctioning revenues for the intended purpose of the Directive and therefore in the areas with the most cost effective potential for CO₂ reduction.

3. Rigorous annual monitoring, reporting and compliance rules

- An effective annual governance measure is crucial in reaching the ESR goals. The current framework of annual reporting and annual compliance checks with existing corrective actions should be maintained and made more stringent where appropriate. This system ensures that Member States and the EU Commission closely monitor progress towards the objectives but reviewing reporting obligations so as to include a review clause for COP21 post 2018 publication of the IPCC assessment, and a revisit of sectoral approach should be considered.
- In particular for buildings, delaying action to cut emissions in the existing building stock, risks locking-in the potentials and jeopardizing the chance for this sector to reach its 88-91% decarbonisation target for 2050 and thus calls for action now.

oo00oo

For more information please contact: Shradha Abt, Energy Efficiency Manager Eurima
shradha.abt@eurima.org | Tel. +32 2 626 20 92. | Twitter: [@Eurima_MW](https://twitter.com/Eurima_MW) | www.eurima.org

⁶ 1% energy savings deliver 0.66% GHG savings for non-ETS sectors, 36 billion Euro investments and 0.5 million jobs.