

## Cefic response to European Commission's **Public consultation on the review of progress towards the 2020 energy efficiency objective and a 2030 energy efficiency policy framework**

23/04/2014 - Version 6 (final)

### **Specific responses to the questions**

#### **A. Energy efficiency targets and measures**

1) Do you think the right approach in addressing the shortfall is:

1.a) To define energy efficiency target(s)

1.b) Reinforced implementation of existing legislation, including active policy on infringements

1.c) Proposing new legislation

1.d) other?

#### **Further comments on targets (maximum 1000 characters)**

Cefic supports a single, realistic energy and climate target addressing GHG emissions conditional on a global level playing field, complemented by an equal-ranking target for industrial growth. EnEff and RES are instruments in delivering this objective smartly while avoiding counterproductive effects, e.g. from double regulation. Decreasing dependence on energy imports should be addressed in a cost competitive and technology open manner, allowing for solutions such as shale gas.

Cefic represents 29,000 large, medium and small companies in Europe, which directly provide 1.2 million jobs. We have a long track record of improving energy efficiency, i.e. lowering energy and GHG intensity (see also: ECFIN report «[Energy Economic Developments in Europe](#)» (graph 1.2.12, page 38). Our experiences show that flexible energy efficiency improvements according to sector and country context on a voluntary basis are the most effective means to reduce CO2 emissions and foster economic growth.

(989 characters)

#### **Please specify your response d (maximum 1000 characters)**

Increasing energy efficiency must not be confused with capping absolute EU energy consumption. Such a policy would hinder growth. Even real energy efficiency improvement is not unconditionally a “no-regret-option” for industry: EnEff measures triggered by politically induced rising energy costs are an additional burden compared to regions with low energy prices, where neither those costs nor efficiency investments need to be paid. In contrast to perception, higher energy costs in the EU will not lead to investments in energy efficient installations here, but investment in new, more efficient installations will take place in regions with low costs.

Therefore, EU's highly efficient manufacturing plants need protection from energy and climate policy induced costs for further growth. Otherwise, new economic dependencies were created to import essential industrial building blocks for EU's manufacturing industries. This would endanger the whole value chain and its innovation potential.



(994 characters)

1.a.1) How should these target(s) be expressed?

- In terms of energy intensity improvements of the economy and economic sectors
- As absolute energy savings
- As a hybrid of the two represents a better benchmark upon which to frame a 2030 objective
- **No opinion**

Only Boxes to be ticked....

1.a.2) At what level should they apply?

- EU
- national
- sectoral

Only Boxes to be ticked....

1.a.3. Should they be?

- Legally binding
- Indicative
- **No comment**

Only Boxes to be ticked....

## B. Energy efficiency sectors

2. Do you think that further policy measures are needed at EU level to foster energy efficiency in buildings?

- **yes**
- no
- no opinion

Only Boxes to be ticked....

Please give details. (maximum 1000 characters)

Reduction of energy intensity per product (and not replacement of energy intensive sectors by others) is generally the best way to work on CO2 reduction without impeding economic growth. But industry, power sector and households need to be approached individually since they have diverse decision triggers and exposure statuses, e.g. for buildings energy efficiency must be targeted at level of major components, such as the entire 'building envelope', comprising wall and roof insulation, and windows. In any case, absolute reduction targets are not compatible with a growth scenario for industries' contribution to EU well-fare.

Buildings account for 40% of EU's energy consumption, thus reducing energy consumption of existing buildings is one specific area where much more could be done on energy efficiency with a large potential for GHG reductions and multiple other benefits identified by several studies (increased economic activity, reduced fuel poverty, health benefits).

(982 characters)



3. Do you think that further policy measures are needed at EU level to foster energy efficiency in industry?

- yes
- no
- no opinion

Only Boxes to be ticked....

Please give details. (maximum 1000 characters)

**Industry's track record shows:** With an ETS in place (which we support), there is no need to define additional targets for ETS industry, especially as there is no option for a proper definition of a meaningful target.

**No additional costs:** New installations are most energy-efficient. But ambitious top-down EU policies cut such investments when resulting in higher burdens for industry and going beyond industries' own investment policies. This can eventually hamper energy efficiency performance of EU chemical installations despite the engagement of the sector. Hence, we advise caution with the implementation of energy efficiency obligation schemes.

**No company-specific targets:** They punish early action.

**No absolute or relative Energy Efficiency target(s):** GDP energy intensity decreases if energy intensive industries are forced out of EU's industrial activity mix, which moreover will negatively affect value chain and innovation.

(936 characters)

4. Do you think that further policy measures are needed at EU level to foster energy efficiency in transport?

- yes
- no
- no opinion

Only Boxes to be ticked....

Please give details. (maximum 1000 characters)

Innovations from chemistry for the next generation of eco-efficient technologies lead to improved resource efficiency in transportation, e.g. superior weight-specific stiffness and strength through lightweight composite materials, more extensively replacing metals, materials for improved batteries for electric cars.

A multi-faceted approach is needed to make all of these innovations happen. Different industry sectors, small and large companies and the research community need to collaborate to develop new technologies. In general, R&D capability is connected to manufacturing presence so carbon leakage may have an unintended consequence on EU R&D capability.

(663 characters)



5. Do you think that further policy measures are needed at EU level to foster energy efficiency in electrical equipment?

- yes
- no
- **no opinion**

Only Boxes to be ticked....

Please give details. (maximum 1000 characters)

No comment

6. Do you think that further policy measures are needed at EU level to foster energy efficiency in generation and distribution?

- **yes**
- no
- no opinion

Only Boxes to be ticked....

Please give details. (maximum 1000 characters)

R&D is required to further enhance energy efficiency for generation and co-generation. Distribution efficiency can be enhanced by triggering DSR, equal and transparent access of information for all network users and advanced communication and information technology e.g. on the performance of single power generation units, and electricity infrastructures in areas with congestions and lack of transport capacity. Existing regulatory barriers for market participants must be reduced. Storage R&D is an additional requirement. Concepts for RES participating in system services should be developed leading to more efficient grid use, efficient integration of intermittent production and reduce of waste energy.

The new RES target is not supported by Cefic as all measures above must be in place before intermittent energy sources can be deployed effectively without endangering Security of Supply.

For further information please see: [Cefic position on EEAG](#) & [Cefic position on generation adequacy](#).

(995 characters)

7. Do you think that further financial mechanisms and instruments are needed at EU level to mobilise energy efficiency investments?

- **yes**
- no
- no opinion

Only Boxes to be ticked....



**Please give details. (maximum 1000 characters)**

In the context of ETD and the EEAG MS should be allowed to apply tax reductions and payback time reductions facilitated by state intervention to counteract negative impacts on the competitiveness for globally competing companies.

Existing EMS and voluntary actions are proving to be effective. EnEff is a reality in energy-intensive industries, i.e. simply an economic factor to maintain competitiveness. Cefic welcomes that energy audits resulting from EMS or voluntary agreements are considered as useful. Cefic recommends further encouraging MS to better link those systems to incentive schemes, e.g. financial aids, to rise implementation possibilities of eneff improvement projects resulting from audits. EnEff funding systems can be useful if set up smartly, e.g. for CHP to encourage the use of this highly energy efficient technology.

Additional energy costs burden leading to higher costs for industry must be avoided. Instruments for the buildings sector can be based on MS best practices.

(998 Characters)

**8. Do you think that further measures are needed to build the capacity of actors in the energy efficiency sector?**

- yes

- no

- no opinion

*Only Boxes to be ticked....*

**Please give details. (maximum 1000 characters)**

Cefic believes initiatives must be twofold as shown below:

1. Optimisation of existing knowledge and technologies / processes, especially with regard to SMEs, through technology transfer, etc.: please see [www.spice3.eu](http://www.spice3.eu)
  - SPiCE<sup>3</sup> has four main objectives: 1) Facilitate access to energy efficiency information, tools and support schemes; 2) Enable companies to take up tools and participate in existing initiatives; 3) Promote best practices and success stories; 4) Establish and strengthen contacts between energy efficiency actors to create a network for learning and exchange
  - Cefic is convinced that information on best practice, exchange / networking and enabling benchmarking are strong drivers for energy efficiency actions in the companies, particularly SMEs.
2. Public-private investment and partnerships towards breakthrough solutions and value chain and innovation cooperation along the chemical industry's' building blocks: please see <http://www.spire2030.eu/>

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*9. What are the most promising technology solutions that can help deliver energy savings in the 2020 and 2030 time horizon? How can their development and uptake be supported at EU level? (maximum 1000 characters)*

Further energy efficiency improvements, research and development are crucial – the chemical industry is currently working on new ways of bringing more efficiency into the sector through optimisation of its processes (see also [www.cefic.org/Policy-Centre/Innovation/](http://www.cefic.org/Policy-Centre/Innovation/))

A detailed description of possible improvements in the Chemical industry can be found in the Ecofys Roadmap “European chemistry for growth” (<http://www.cefic.org/Policy-Centre/Energy/>)

Larger efficiency impacts than from production improvements can be expected from efficiency increases along the value chain, including the use of chemical products to save energy. This covers development of new materials (e.g. magneto-caloric substances for fridges, new materials for batteries for electric vehicles or energy storage etc.) as well as the role-out of existing technologies. The construction of new buildings and renovation of existing ones to nearly zero energy demand levels is already possible today.

*(970 characters)*

*10. Further Comments. (maximum 1000 characters)*

**Focus on implementation of EED first:** A re-opening of EED at this early stage is counterproductive and creates uncertainties (which in turn hamper investments).

**Keep investments flowing:** Europe must remain and become an even more attractive, efficient market for manufacturing also energy-intensive goods to the benefit of EU growth and employment! Companies become more energy efficient through new installations and economically feasible investment in existing installations. Europe has a precious, highly efficient chemical industry. Positive and growth-oriented energy and industry policies would foster a sustainable, energy-efficient EU investment climate.

**The European Chemical Industry ultimate goal is to create partnerships to:**

- strengthen the manufacturing value chain
- maintain R&D capability in Europe
- sustain high quality jobs

*(839 characters)*

