



How to shape a binding energy savings target for Europe?

Robert Harmsen (UU), Bart Wesselink (WWF), Wolfgang Eichhammer (Fraunhofer ISI)
IEPEC 12-14 June 2012



Universiteit Utrecht

Key messages

- Evaluation is needed for proper policy design
- Future evaluation should be accounted for when designing policies



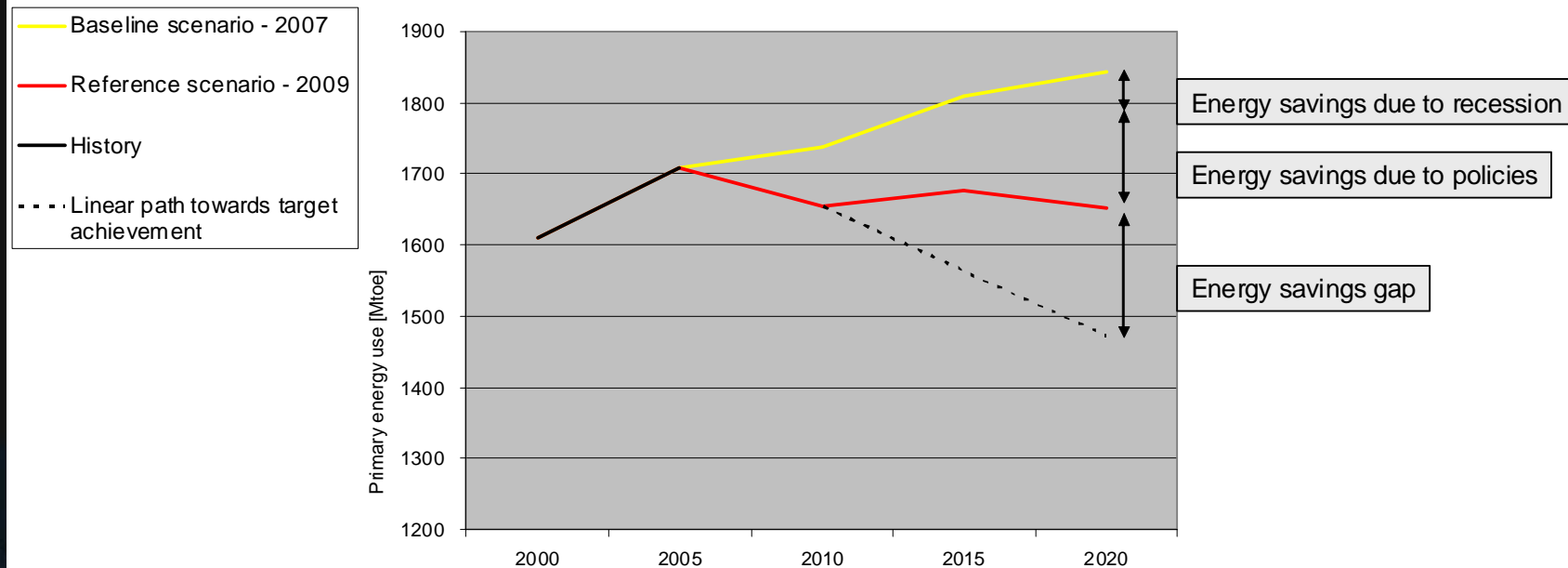
Evaluation is needed for proper policy design

- Case: design of binding energy savings target for Europe



Current state of play

- Since 2007 Europe has an indicative 20% energy savings target for 2020
- Ex-ante evaluations commissioned by the EC (2008, 2011) show that Europe is, by far, not on track in meeting this target
- Binding energy savings target as a solution?



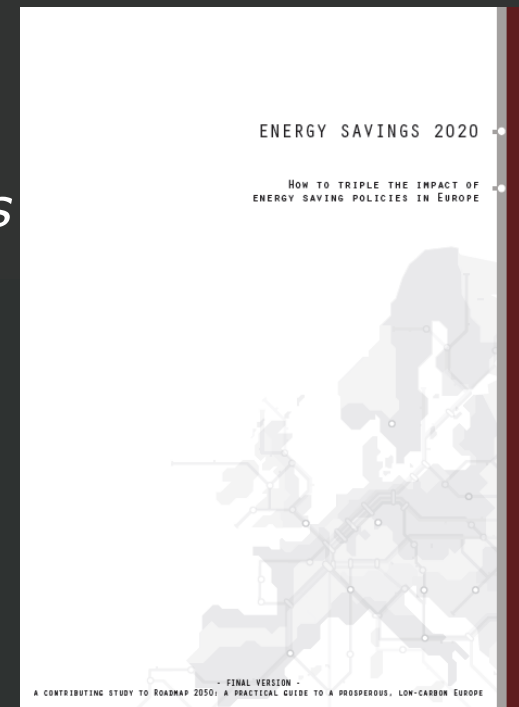
A binding energy saving as the solution?

- Asked for by NGOs and the European Parliament (already in 2009)
- Even mentioned by the Commission itself but only as one of a basket of solutions to choose from
- 2011 view of the Commission: binding target not necessary, binding measures (such as MEPS) will do the job
- However, end of 2013, evaluation whether a binding target is still needed



How should a binding energy savings target look like

- Issue raised end of 2009 by European Climate Foundation (NGO)
- Answers provided by Ecofys & Fraunhofer Institute (2010), *Energy Savings 2020: how to triple the impact of energy savings policies in Europe*
- Objectives of the study:
 - Ex-ante evaluate the impact of the indicative 20% energy savings target
 - Propose design options for a binding savings target



Up front evaluation criteria used in the study

- Coherency
 - Interaction with other European policies
 - Flexibility to Member States
 - Both providing input to discussions how to define a binding savings target
- Effectiveness
 - Data availability and data transparency
 - Providing input to discussions on how to scope such target



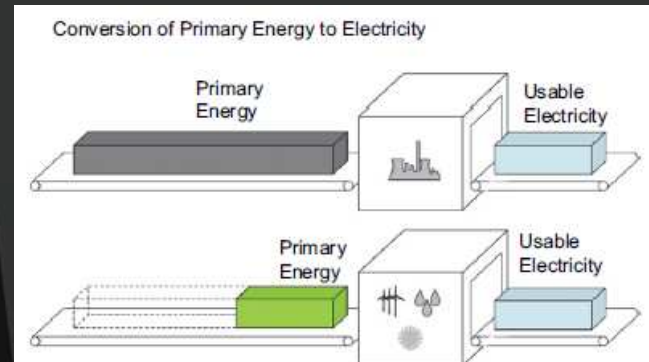
Coherency: what did we learn?

- Interactions with CO₂ & RES policies:
 - Without correction of the ETS cap, strengthening of the ETS by a binding energy savings target is only limited
 - The (binding) non-ETS target would in general be strengthened by a binding energy savings target
 - Achieving the RES target would become easier
- Flexibility to Member States:
 - A binding energy target at EU level that includes fossil fuel use from ETS-installations limits the flexibility that EU-ETS provides
 - Member States may conceive incoherency of a national energy savings target that includes the ETS companies with EU-ETS policies



Effectiveness: what did we learn?

- Wind, solar and hydro electricity are considered 100% efficient in Eurostat/IEA statistics and therefore contribute to a primary energy savings target



- An economy-wide energy savings target is less transparent and provides a relatively loose link with end-use savings (esp. electricity)
- 79% of the cost-effective energy savings potential (beyond the baseline projection) can be found in end-use sectors



Conclusion

- Evaluation provides valuable insights for proper policy design (key message 1)
 - A binding target for end-use sectors at Member State level is the most feasible considering effectiveness and coherency
 - Target evaluation will be relatively straightforward based on energy statistics
 - Insight in the potential contributions to the target of different sectors would steer the evaluation of the energy efficiency policies that support target achievement
 - Need for separate statistics for both ETS and non-ETS industrial energy use



Obvious or not?

- Key message 2: Future evaluation should be accounted for when designing policies
- Not the case yet....
- Debate is more on an aggregate level: in favor of *or* against a binding savings target
- No room (yet) for subtle design considerations
- Recent document from the European Parliament (in favor):
 - economy-wide Member State specific targets, thus *will* interact with renewable electricity, *will* reduce flexibility for the ETS and it *will* introduce a relative loose connection with the end-use energy savings



Final remark

- *For the sake of future evaluation, it is hoped for that a positive decision on introducing a binding energy savings target will allow for sufficient time to evaluate the merits of the possible design options before its actual implementation*

