



Association for the  
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# European Commission, DG Energy Consultation on financial support for energy efficiency in buildings

*ACE Response – May -2012*

## Introduction to the views of ACE

The Association for the Conservation of Energy is a lobbying, campaigning and policy research organisation, and has worked in the field of energy efficiency since 1981. Our lobbying and campaigning work represents the interests of our membership: major manufacturers and distributors of energy saving equipment in the United Kingdom. Our policy research is funded independently, and is focused on three key themes: policies and programmes to encourage increased energy efficiency; the environmental, social and economic benefits of increased energy efficiency; and organisational roles in the process of implementing energy efficiency policy.

We welcome the opportunity to respond to this consultation.

## For further information please contact:

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## Response

### 3. Strengthening the regulatory framework

#### (a) Is there any need for further EU-level regulation to stimulate energy efficiency investments in buildings beyond the Commission proposal for a new Energy Efficiency Directive? If so, what should these measures entail?

The Energy Efficiency Directive holds the greatest potential of any EU regulation to drive energy efficiency investment. Currently the EU is on track to achieve only 9% of the 20% energy efficiency target. In contrast, in the promotion of renewable energy which is more expensive than energy efficiency, the EU is on target. The potential of this Directive to realise the 20% energy efficiency target will only be realised if its key element of the Parliament's proposed text are preserved. These include:

- A binding 20% energy saving target, putting this target on an equal footing with the greenhouse gas and renewable energy targets
- The allocation of individual targets and the creation of trajectories for each Member State. This is essential to develop effective national policies, to adjust the EU ETS to account for reduced energy demand, and to allow an accurate assessment of progress towards the 20% target.
- Ensure that the 1.5% annual savings target in Article 6 is clearly defined as a cumulative target with i) each year's savings being additional to those of the year before and ii) the previous years' savings being maintained to 2020 and beyond.
- Do not allow early actions to count towards new targets. Past efforts have not been enough – this is why Europe is currently due to miss its 20% target by at least half, and why the EED is needed. Article 6 must drive savings which are *additional* to those already achieved.
- National finance facilities to be established
- Renovation targets for public buildings that are ambitious and extend to **all** public buildings.

Outside of the Energy Efficiency Directive the following would be effective:

- A top-down long-term binding target for energy efficiency improvements across the EU economy is essential (2020, 2030 and 2050).
- Requiring the phase out of fossil fuel subsidies that weaken the economic case for energy efficiency and encourage wasteful energy use.
- Mandatory use of EU ETS revenues to deliver efficiency improvements, particularly targeting households and industries most vulnerable to rising prices. Progressive tightening of EU ETS cap in line with efficiency gains to support the carbon price.
- Continuing to drive up minimum standards in new assets through existing initiatives including the Ecodesign Directive; Energy Performance in Buildings Directive and supporting measures such as the Labelling Directive.

#### (b) What could be specific measures to be taken at national level to implement and complement most effectively the EU-level regulatory framework for energy efficiency?

- Best practice examples from many Member States illustrate how the EUETS carbon pricing regulation is being supported at a national level with reinvestment of the revenues from sale of the allowances into energy efficiency programmes. This ensures that the EU ETS delivers carbon savings at the lowest cost to the economy, at maximum benefit to EU citizens. Only through reinvestment of the carbon revenues in energy efficiency can the full potential to reduce carbon emissions of the carbon price be realised.
- Payment schemes like Feed in Tariffs have proved effective for attracting investment in a number of Member States by providing certainty on future revenue streams. Extending this mechanism to provide payment for energy efficiency through a demand side FiT could help to overcome the uncertainty about investment returns in the short term.
- A series of measures that allow households to access finance for energy efficiency investment on the basis of the future benefits of this investment. This includes, loans tied to the property and not the occupant, and accounting for the energy bills of the building when assessing borrowing potential for a mortgage. In addition, complementary measures that accentuate these benefits should be encouraged, such as energy efficiency based municipal and property taxes.
- Public funds and public banks also have a key role in paving the way for energy efficiency investments by providing partial guarantees, reducing risk and establishing a track record for such investments.