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The Bellona Foundation: Response to the Public consultation on the review of progress towards the 2020 energy efficiency objective and a 2030 energy efficiency policy framework

Name:
The Bellona Foundation

Country:
Norway

How would you prefer your contribution to be published on the Commission website, if at all? * (compulsory)

- (•) Under the name indicated (I consent to publication of all information in my contribution and I declare that none of it is under copyright restrictions that prevent publication)
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- ( ) Not at all – keep it confidential (my contribution will not be published, but it will be used internally within the Commission)

A. Energy efficiency targets and measures

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

* (compulsory)

- [x] a) To define energy efficiency target(s)
- [x] b) Reinforced implementation of existing legislation, including active policy on infringements
- [x] c) Proposing new legislation
- [ ] d) other

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

- ( ) 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

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

- [x] EU
- [x] National
- [ ] Sectoral

1.a.3. Should they be: * (compulsory)

- (•) Legally binding
- ( ) Indicative
- ( ) No opinion

Further comments on target:

Bellona proposes that EE-targets should be legally binding at both EU and national levels. The indicative EE target in the 20-20-20 framework has proven unsuccessful so far. Bellona understands that by including national targets, Norway as an EEA country would also be required to set a national EE target. In addition, distributing the responsibilities between the Member States could make an overall target more attainable. These two points puts us in favour of National EE goals. Nations should decide whether to establish sectoral goals.

Bellona would like to point out that the European Commission ought to approach the 2030 strategy in a manner that ensures the target of reducing greenhouse gas emissions by 80-95% by 2050 is reached. The Commission should ensure that all policy measures for climate change complement and

reinforce one another, rather than the opposite. See more in our response to the European Commission's Green Paper on a 2030 Framework for Climate and Energy Policies.

Please specify your response to 1b)

(optional) (maximum 1000 characters; count:

Setting legally binding goals would call for an active policy on infringements.

Please specify your response to 1 c)
(optional) (maximum 1000 characters; count: 0)

See our suggestions for some of the sectors below.

B. Energy efficiency sectors

2. Do you think that further policy measures are needed at EU level to foster energy efficiency in buildings?
Please give details. (optional) (maximum 1000 characters; count: 0)

Yes.

Mandatory measures within existing buildings should be established for the entire public sector, not exclusively to the governmental sector as is promoted in the current Energy Efficiency Directive.

"The split incentive challenge" also needs special focus and measures. The split incentive challenge refers to how real estate owners don't undertake efficiency measures because tenants will normally pay the energy bills. Therefore, there is no financial gain for the owners in improving a building's energy efficiency. Financial and other incentives aimed at overcoming this specific barrier are therefore needed. Coupling financial incentives with mandatory green lease deals could be one option.

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

(optional)

○ Yes ○ No ◉ No opinion

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

Long term GHG reduction goals for transport can only be met through energy efficiency targets combined with a technological transition from fossil based to renewable energy carriers.
Replacing internal combustion engines with battery electric engines is not only energy efficient, but also facilitates decarbonisation of the sector. In an early phase EV sales should be facilitated through tax incentives and other advantages, e.g. developing charging infrastructure for EVs. Norway has done significant progress on the roll-out of electric vehicles, and Bellona would be pleased to facilitate knowledge sharing of best practice.

The 95 g/km target for new cars in 2020, should be further tightened with new ambitious goals for the years 2025 and 2030.

Substantial energy efficiency is also possible through shifts to more energy efficient modes of transport, such as modal shift from road freight to ships and railroad. Bellona also encourages the inclusion of shipping and aviation in to the ETS.

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

Yes.

The Eco Design Directive and Energy labelling of products have had a positive impact regarding the performance improvement of *energy-related products.* Bellona therefore supports that the list of products and equipment included in these measures should be revised for expansion on a regular basis.

Bellona would like to stress the importance that such political measures are developed so that they do not forbid, discriminate against or hinder electricity-based products in countries with a large degree of renewable power, such as in Norway. The Eco-Design Directive implementation on hot water tanks is an example of this, as hot water tanks run on electricity. From a climate perspective it makes absolutely no sense to favour e.g. gas over electricity when the electricity mix is mainly renewable. In the long perspective, as the EU Member States transition towards higher renewable energy shares becomes a reality, this kind of challenge will become present also in other European nations.

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

Yes

From a "traditional" EE definition view point, there are great potentials for EE measures that present policy seem not to trigger, such as upgrading the distribution grids and obtaining less loss in the grid and upgrading existing power plants. It should be evaluated whether to introduce designated measures.

If expanding the EE definition to optimising the energy systems Bellona believes that battery technology will contribute significantly to optimising energy systems both on a local scale and systems' scale. The Comission could consider a designated directive and incentives for the development and deployment of electricity and energy storage technologies.

Research, development and deployment of distributed and system scale energy storage are necessary for the efficient operation of electricity supply systems with a large constituent of renewable generation. See more in our comments on promising technologies (B9).

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

Please give details. (optional) (maximum 1000 characters; count: 0)

Yes.

Se comment on energy efficiency in buildings

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

Yes

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?

(optional) (maximum 1000 characters; count: 0)

As mentioned in 6 Bellona believes that battery technology will contribute significantly to optimising energy systems. As efficient buildings evolve towards zero-energy standards, with a significant on-site renewable micro production, an important premise is the ability to store excess energy production, then releasing this electricity to the grid when in demand.

Development is needed to quantify the role of energy storage technologies in the European energy sector, e.g. the re-use of batteries from electric vehicles and the effect deployment will have on the function of the electricity market. Electric vehicles (EVs) are now a viable option for most passenger vehicles. Due to the energy storage capacity of a fleet of EVs, EVs could also be beneficial for balancing out intermittent renewable power.

Compressed air energy storage (CAES) is another promising storage technology suitable for system scale energy storage and could play a significant role in European electricity supply. Development is needed to ascertain the potential and deployablity of this technology in European member states.

10. Further comments + details (optional) (maximum 1000 characters; count:)

Bellona wishes to point out that strong policies for energy efficiency and energy storage technologies are vital in the advancement of energy security for Member States.

Bellona would also like to stress two concerns regarding energy efficiency seen in the context of the long term decarbonisation of electricity in EU Member States:

1) An electrification of the transport sector must be seen in a long-term perspective with full power sector decarbonisation and may not be undermined by short-term concerns that the electricity utilised might entail higher emissions than conventional combustion engines.
2) *Energy efficiency* is also *resource efficiency*; hence a benefit in itself, rather than only a means to counter climate change. This is valid all across Europe. The resource efficiency perspective will become an increasingly relevant issue in the EU as the Member States transition towards higher renewable energy shares becomes a reality. Norway makes an interesting example in this respect, with hydropower dominating the energy mix used in the building sector, and hence limiting the reduction potential of *direct* climate gas emissions derived from energy

efficiency measures. However, energy efficiency measures are still important in order to liberate clean energy to be used for climate gas reductions in other sectors and for sound use of resources. This perspective and motivation for maintaining strong EE incentives will in the long term also become relevant for the EU.