



## THE WARREN REPORT

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# Some targets are more equal than others

The European Union has binding targets for carbon dioxide reductions and renewable energy. Why does energy efficiency not have the same status?

The European Union has three energy-related targets for 2020. Each is based upon an emblematic 20 per cent.

According to Commission president Jose Manuel Barroso, these are: to cut carbon dioxide emissions by 20 per cent; to boost the proportion of renewable energy to 20 per cent; and to improve energy efficiency by 20 per cent.

These targets may be equal in timescale and objective. But they are not equal in stature. The first two both have the force of Community law behind them, effectively compelling the 27 governments to adopt appropriate policies. In contrast, the energy-saving target does not have the same status at all. It is far from compulsory, just an indicative aspiration.

Does this distinction matter in practice? You bet it does. The consequence of this “also ran” status is plain. Whereas there is great confidence that the first two targets are on track to being met, you can find nobody who right now believes that the energy-saving “target” will be met. Latest

government provides lots of detail on how we are progressing towards both CO<sub>2</sub> and renewables targets. But is completely silent as to what – if anything – is happening on energy saving.

Whatever the rhetoric, it is clear that the 20 per cent by 2020 energy saving target not only looks unlikely to be anywhere near achieved. But that UK officials aren't bothered either way.

### National targets?

In the absence of any binding EU objectives, maybe we should be relying more on national targets? Fine, where they exist. And where they can be assessed on any consistent basis. The question is: do these operate in each country? And if so, is it possible to compare progress, and maybe aggregate results?

That is not an easy question to answer. My association (together with our former research head, Dr Joanne Wade) has just published the first ever study of the national energy efficiency and energy-saving targets in each of the 27 EU Member States. The detailed

Different end-years have been adopted, and a whole variety of start years too.

The one saving grace is the Energy End-use and Energy Services Directive of 2006, which does require countries meeting one standard target. It mandates each government to produce a tri-annual National Energy Efficiency Action Plan, which should include an estimate of annual energy savings amounting to 9 per cent (outside those involved with the EU emissions trading scheme). In the nine years between 2008 and 2016, savings of an average of 1 per cent a year need to be demonstrated to have been achieved.

Our conclusions are that while we don't see evidence that this requirement has resulted in many new or expanded energy saving programmes (certainly not in the original EU:15, where the response has been largely a box-ticking exercise), we do believe it is leading to a degree of consistency in the way energy savings are measured and reported. This is important.

For many years energy efficiency advocates – led by the European Parliament – have pushed for the adoption of a legally binding energy efficiency target. Rather than the largely ignored aspirations that currently exist.

There is lively debate, and diverging views, about the harmonised methodology required for reporting energy savings. There is no denying this has been a stumbling block. Comparing apples and pears is pretty valueless. But implementing this Directive does seem to be creating a consensus, albeit based on the lowest common denominators of a government's capability to measure energy saving progress.

It is vital this is resolved positively. Continuing with binding targets solely for carbon and for renewables is skewing policy to be less than cost-optimal. If the European Union is serious about meeting its policy objectives – be they ecological or energy security – at the lowest possible costs, energy efficiency must be granted the same binding legal status. The present arrangement is simply not sustainable. In any sense. z

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estimates from the European Commission maintain we are set to achieve less than half of that 20 per cent improvement, no more than 9 per cent.

And that matters: most of all for economic reasons. Every single objective commentator acknowledges that the cheapest and swiftest way to achieve carbon dioxide reductions is by minimising energy wastage. Similarly we know that, in energy security terms, it is far cheaper in macro-terms to save than to import or generate more energy.

All governments are required to submit every three years their National Reform Programmes, setting out progress on Community agreed objectives. It is very revealing that the latest such statement from the UK

results can be found both on our website, and that of the study's sponsors, the European Council for an Energy Efficient Economy ([www.eceee.org](http://www.eceee.org)). The study includes both economy-wide targets, and more disaggregated ones covering specific sectors like industry, residential or public sectors.

We conclude that in most countries – interestingly, not including the UK – governments have adopted an economy-wide energy-saving target unilaterally. Of some sort. It could be difficult right now to compare the results of these meaningfully. Some are based on primary, some on final energy demand; some on absolute consumption reductions, some on energy intensity improvements.