

**cepAnalysis**

## **Energy Efficiency**

The European Commission Proposal for an Energy Efficiency Directive  
[COM(2011) 370]

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October 2011

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## Key Points

### Basic Assessment of EU Energy Efficiency Projects

- ▶ There is no economic reason to set out energy efficiency as an individual policy target, since not every form of energy consumption is automatically accompanied by environmental damage or causes damage to third parties.
- ▶ Emission trading provides the EU with a very efficient tool with which to shape its climate protection policy. However, energy efficiency targets are damaging this tool.
- ▶ The Commission's impact assessment report assumes that in the short term electricity prices will rise by 3.5% as a result of the planned energy efficiency measures. At the same time, at least in the medium term this will be accompanied by a lower demand for electricity, triggered by the Directive, which could lead to lower prices.
- ▶ The Commission's proposal to further reduce the cap on emission rights would lead to a tightening of climate protection targets "through the back door." The companies concerned would be burdened in two ways: first by the costs incurred through mandatory energy savings and by increased prices for emission rights. This would weaken the attractiveness of Europe as a business location and further increase the risk of carbon leakage.

### Concrete Assessment of Individual EU Energy Efficiency Projects

- ▶ The requirement that annually at least 3% of public buildings must be renovated to be energy-efficient does not lead to "especially high energy savings," as even the Commission admits. However, it would force a doubling of expenditure on energy-efficient renovation and thus impose severe burdens on the public purse. Hence, this obligation infringes the principle of proportionality.
- ▶ The requirement that only energy-efficient products be procured by the public sector leads to substantial additional expenditure. The requirement that service providers must principally use only products (e.g. devices and materials) of a certain energy efficiency quality when working on behalf of the public sector restricts the entrepreneurial freedom to decide on the type of service to be provided.
- ▶ The requirement that energy supply companies must induce their customers to save annually 1.5% on the previous year's energy sales defers the responsibility for energy use away from the demand side towards the supply side. However, in a competitive environment energy providers cannot influence energy consumption behaviour; therefore, they should not be held liable for it.
- ▶ The requirement that all new thermal power plants with a total nominal thermal output of more than 20 MW be located at sites where the generated heat can be captured for use through cogeneration ("combined heat and power") restricts the site selection for new power plants. However, in order to be able to realise the new power stations that are necessary for ensuring the security of energy supply, flexibility in terms of location is essential in view of the diminishing public acceptance of power plants.