

EuroACE Position Paper – Commission Public Consultation on Long-Term Strategy

Following the European Council conclusions of 22nd March 2018, which invited the Commission “to present by the first quarter of 2019 a proposal for a strategy for long-term GHG emissions reduction in accordance with the Paris Agreement”, and in preparation of the COP24 (December 2018), discussions are taking place on what this EU 2050 Strategy should be, which level of ambition it should defend, and which pathways to 2050 it

should propose. This Position Paper was developed for submission to the European Commission Public Consultation on the Long-Term Strategy. This contribution outlines the vision that EuroACE believes should be adopted for the EU 2050 Strategy and shows the potential as well as the benefits of choosing pathways which put Energy Efficiency First and prioritise energy efficient building renovation.

1. What should be the vision for the EU’s 2050 Strategy?

The EU’s 2050 Strategy should put us on the right track to achieve longer-term objectives. In the **2015 Paris Agreement**, all EU Member States agreed to hold **by 2100** “the increase in the global average temperature to **well below 2°C** above pre-industrial levels and **pursuing efforts** to limit the temperature increase to **1.5°C** above pre-industrial levels” (Article 2). The Paris Agreement then translated that ambition into the objective of **carbon neutrality in 2050** (Article 4). Considering the extreme weather events which occurred all over Europe in the summer of 2018, as well as GHG emissions stagnation or even increase in recent years,¹ the scope of action to reduce them **should not be minimised** and the timetable **should not be further delayed**. Climate change is severely impacting Europe now. New research undertaken in preparation of the IPCC Special Report on 1.5°C (October 2018) shows that we need to strengthen and hasten our response to the threat of climate change.

The EU’s 2050 Strategy should also consider that visions for 2050 were already agreed by both European Parliament and Council and enshrined in EU legislation. With the ‘Clean Energy for All Europeans’ Package, the EU has shown some leadership in energy & climate policies. At least two pieces of legislation from this package include

a specific vision for 2050. The **Governance Regulation** Article 14 mentions a scenario for “**net zero GHG emissions within the EU by 2050 and negative emissions thereafter**”. The **Energy Performance of Buildings Directive (EPBD)** Article 2A states that “each Member State shall establish a long-term renovation strategy to support the renovation of the national stock [...] into a **highly energy efficient and decarbonised building stock by 2050**, facilitating the cost-effective transformation of existing buildings into nearly zero-energy buildings.”

The EU’s 2050 Strategy should finally build on agreed 2030 targets, which are getting the EU started on its journey towards 2050. The energy efficiency target (32.5%) and renewables target (32%) translate into a **45% GHG emissions reduction target by 2030**. This is far from the cost-effective potential, or to put the EU on track to Paris (which would mean 60% GHG emissions reduction by 2030), but potential corrective mechanisms were put in place. The upward review clause in 2023 for the energy efficiency target, and the NECP (National Energy & Climate Plans) updates in 2024 both open the door for the EU to modify its targets upward. This means that the EU can, and should, show continuous leadership and step up ambition for 2050, based on 2030 targets.

EuroACE supports ‘net zero GHG emissions by 2050’ as the feasible and right ambition for the EU Long-Term Strategy.

¹ See Eurostat data:
[https://ec.europa.eu/eurostat/statistics-](https://ec.europa.eu/eurostat/statistics-explained/index.php/Greenhouse_gas_emission_statistics_-_emission_inventories)

[explained/index.php/Greenhouse_gas_emission_statistics_-_emission_inventories](https://ec.europa.eu/eurostat/statistics-explained/index.php/Greenhouse_gas_emission_statistics_-_emission_inventories)

2. How to get there? Potential and benefits of energy efficiency in decarbonisation scenarios

To achieve net zero GHG emissions by 2050, the EU decarbonisation scenarios must put a strong emphasis on the contribution of policies and measures to reduce energy demand.

Energy efficiency holds the biggest potential in helping the EU to achieve its 2050 objective.

According to the International Energy Agency, **75% of additional investments** to cut GHG emissions in Europe to respect Paris Agreement commitments will have to come from energy efficiency.² Consequently, the **Energy Efficiency First principle** should be respected in determining pathways for the 2050 Long-Term Strategy. According to the Governance Regulation (Article 2§17a), this means considering, before taking energy planning, policy and investment decisions, whether energy efficiency measures could replace in whole or in part the envisaged planning, policy and investment measures. Embedding this principle in thinking ahead for 2050 makes sense, as it would match the lifetime of major energy supply investment, and therefore **improve energy and infrastructure planning**.

Prioritising energy efficiency investments and measures will bring several benefits to the decarbonisation process. Reducing the energy demand first will, on one side, help Europe to have the most appropriate infrastructure by

avoiding stranded assets. On the other side, it will make other policy options, such as the **deployment of a renewables-based energy system, easier, quicker and more cost-effective to roll-out.** As a matter of fact, if energy efficiency, especially in buildings, does not deliver rapidly, then it will be costlier and more difficult for other sectors to deliver their share in the decarbonisation process. Finally, the **positive economic dimension** of energy efficiency actions should be recalled. According to the Coalition for Energy Savings, tapping the full economic potential of energy efficiency leads to the net creation of 3.3 million jobs by 2030. Acting on building renovation will also enable to link two major trends impacting our economy, i.e. **decarbonisation and digitalisation**, the latter positively helping the former.³

It is also important to highlight that **benefits** stemming from energy efficiency measures are **best achieved when they derive from legislative requirements.** This is especially the case for building renovation, where **policies are a key driver for action**, as the International Energy Agency showed.⁴ Decarbonising Europe is **not only about consumers' choices**, it is a collective and common action, in which political and policy ambition play a great role.

EuroACE supports using the Energy Efficiency First principle when designing the pathway(s) to achieve the EU's 2050 Strategy.

² International Energy Agency, World Energy Outlook Special Report 2015: Energy and Climate Change, retrieved from <https://www.iea.org/publications/freepublications/publication/WEO2015SpecialReportonEnergyandClimateChange.pdf>

³ For more information about opportunities linked to digitalisation in the building renovation sector, see

Renovate Europe, 2018, retrieved from <https://renovate-europe.eu/wp-content/uploads/2015/09/infographic-image.jpg>

⁴ International Energy Agency, Energy Efficiency Market Report, 2017, retrieved from https://www.iea.org/publications/freepublications/publication/Energy_Efficiency_2017.pdf

3. The jewel in the crown: potential and benefits of energy efficient building renovation

The buildings sector has the biggest potential in terms of efficiency gains, equating to half of the decarbonisation measures needed to achieve our Paris Agreement goals. Therefore, swift, strong and sustainable actions in energy efficient renovations will be key to attain the 2050 goals, as buildings represent 36% of the EU GHG emissions and 40% of its energy consumption. This key role has been recognised by the EPBD in its Recital 7, which states that “*the achievement of the Union’s energy and climate goals is linked to the Union’s efforts to renovate its building stock by giving priority to energy efficiency*”. We believe that an **80% reduction of energy demand in buildings in 2050 compared to 2005** would be the right scale of action.

Choosing a pathway to the 2050 objective which decisively and as soon as possible acts on the buildings sector entails many positive impacts for the decarbonisation process. First, energy renovating our buildings is **as much a mitigation as an adaptation measure** in terms of climate change. It reduces GHG emissions, but also increases the flexibility and resilience of our energy system, making it less vulnerable to fluctuations and external shocks. Second, energy renovating our buildings brings **direct benefits to European citizens**, such as more comfortable homes, cleaner air, better health, improved quality of life, lower energy bills, etc. This will make the decarbonisation process **a positive story for all Europeans**, therefore making it **more acceptable**. Renovating our homes, offices, schools, where we spend 90% of our lives, will ensure that **no citizen**

is left behind, especially the most vulnerable ones. It will also help fighting energy poverty, which affects between 50 and 125 million Europeans. The role of energy efficient buildings in the decarbonisation process has been given deserved prominence by several **local authorities** in their own strategies. For example, the 2050 plans in Münster (Germany) or Salzburg (Austria) put a strong emphasis on building renovation, calling for increasing the rate from 1 to 3% annually.

Furthermore, choosing a pathway to the 2050 objective which prioritises energy renovation of buildings, also makes economic sense. According to the Energy Efficiency Financial Institutions Group, the average cost for each kWh energy saved in buildings is only 2.5 cents.⁵ Investing in our buildings is more and more attractive for the financial sector, which has developed several tools over the past few years, such as green mortgages. Acting strongly and early on building renovation will also contribute to **creating local jobs in Europe**, and to **strengthening our industrial leadership** in that sector, giving European companies a first mover advantage. Currently, the construction sector represents **9% of the EU GDP**, providing 18 million jobs.

For building renovation, money is there, technology is ready, shorter-term EU policy tools are in place and need to be implemented. If the ambition of the EU’s 2050 Strategy, which should serve as longer-term vision, is downgraded, then all benefits will be jeopardised.

EuroACE underlines the crucial role that energy efficient building renovation must play in the decarbonisation process up to 2050. EuroACE recalls the significant multiple benefits that energy renovation brings to society and believes that this should be reflected in the EU’s Long-Term Strategy.

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⁵ DEEP Platform, retrieved from <http://www.eefig.com/index.php/deep>

For further information

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About EuroACE

EuroACE represents Europe's leading companies involved with the manufacture, distribution and installation of energy saving goods and services for buildings. EuroACE members employ around 300,000 people in these activities in Europe and have around 1,400 production facilities and office locations. The mission of EuroACE is to work together with the EU institutions to help Europe move towards a more efficient use of energy in buildings, thereby contributing to Europe's commitments on climate change, energy security and economic growth.

EuroACE Members (October 2018)

