

EU Efficiency Policy as Safeguard Against Exposure to Price Spikes

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New Efficiency Directive

EU energy ministers reiterated their opposition to binding energy savings targets at a meeting yesterday (24 November), leaving a political agreement for the incoming Danish presidency in the first half of 2012,

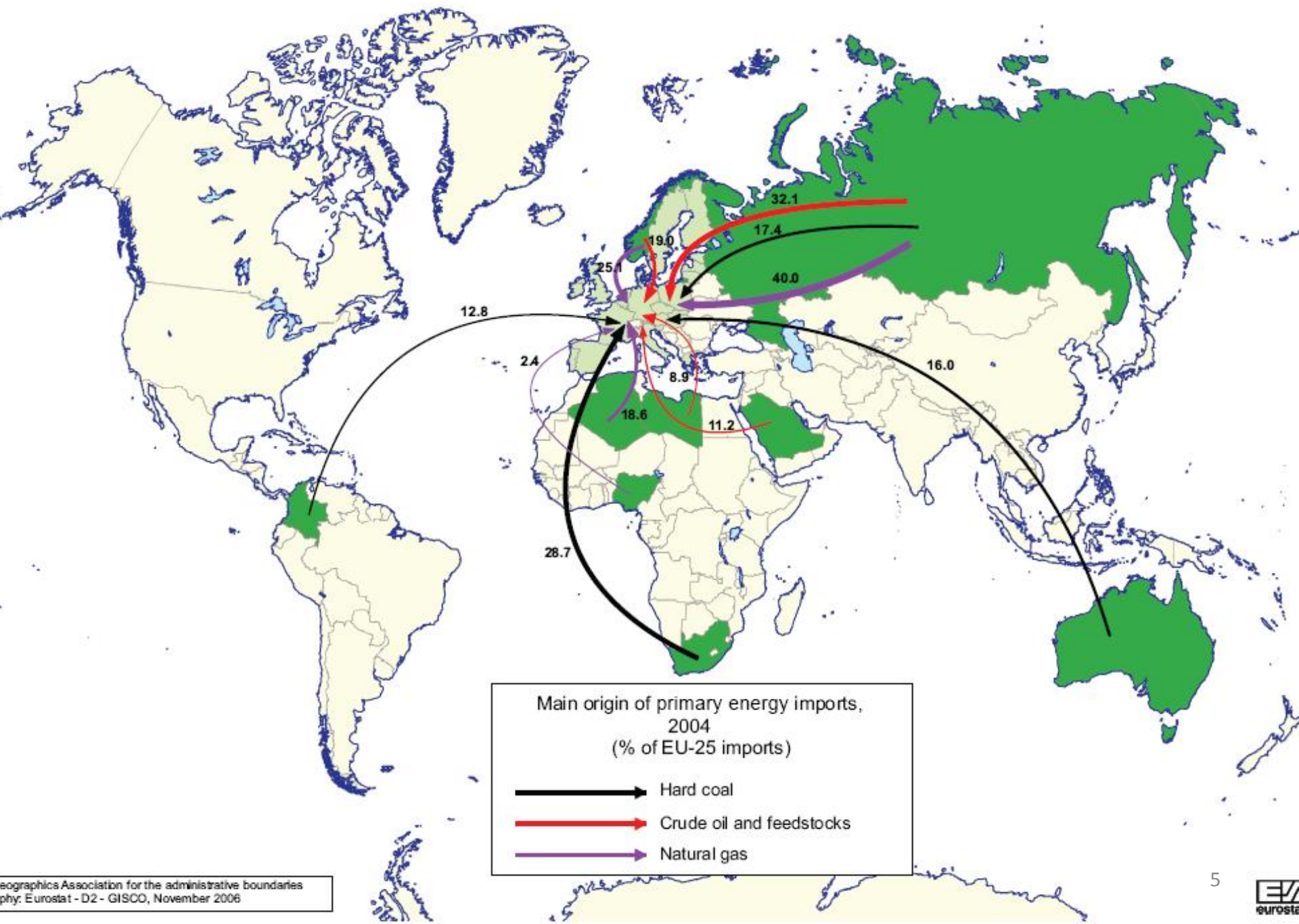
EurActiv – 25.12.2011.

New Efficiency Directive

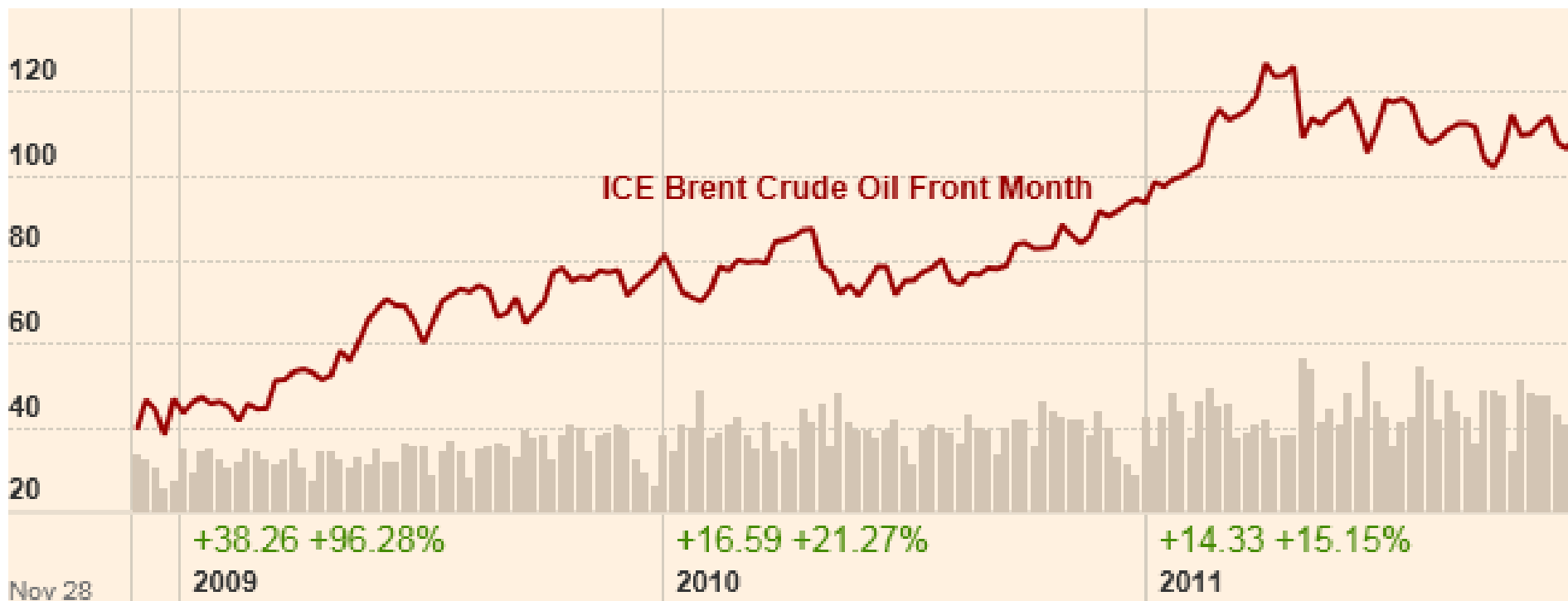
- **A national obligation for energy companies to reduce consumption among "final consumers" by 1.5% annually;**
- **A 3% refurbishment target for public buildings;**
- **Setting up a "national heating and cooling plan" to promote heat and power co-generation as well as renewable energy in heating and cooling.**

The Treaty on the Functioning of the European Union, Article 194

" In the context of the establishment and functioning of the internal market and with regard for the need to preserve and improve the environment, Union policy on energy shall aim, in a spirit of solidarity between Member States, to: ... (c) promote energy efficiency and energy saving and the development of new and renewable forms of energy; "

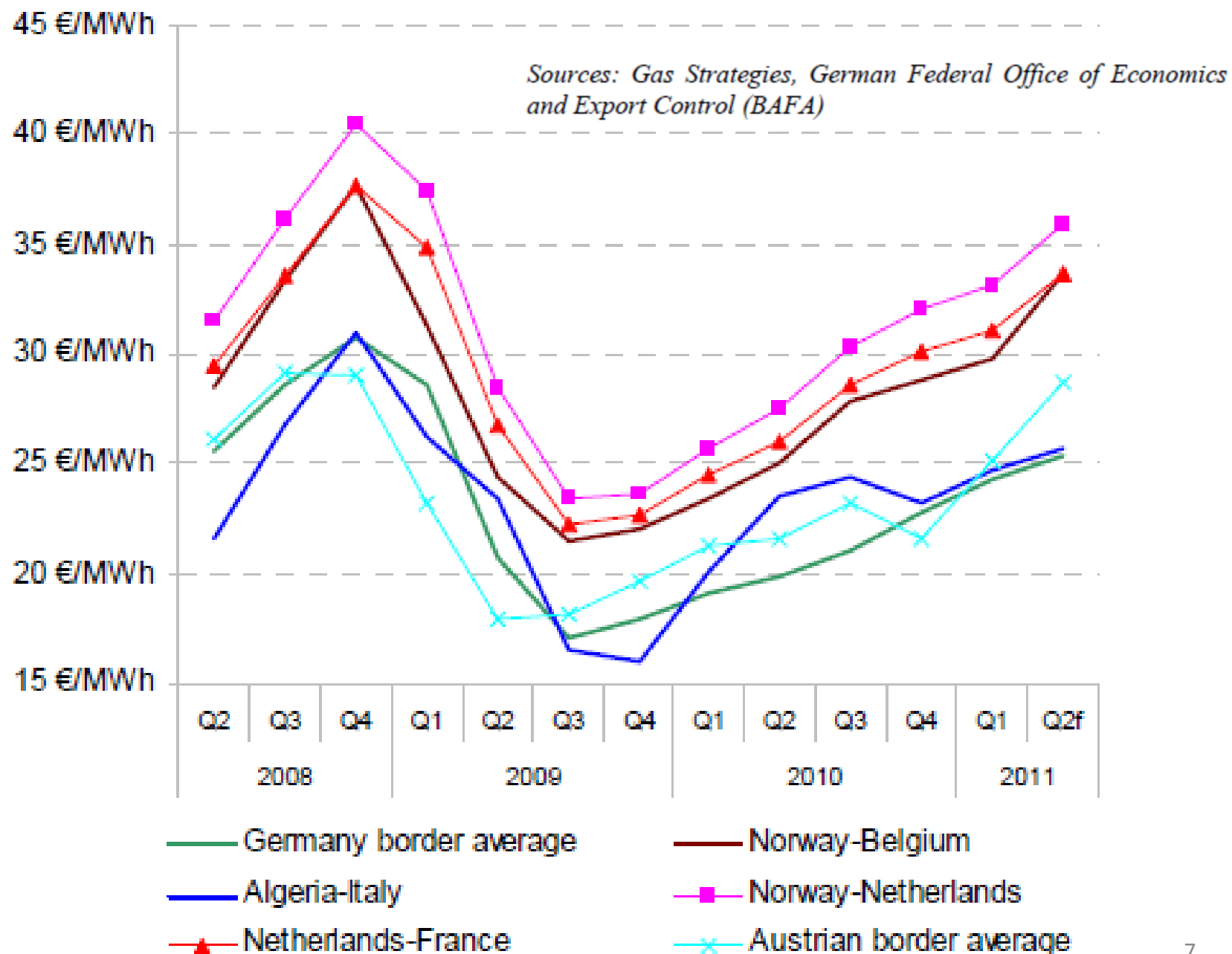


Oil steady up

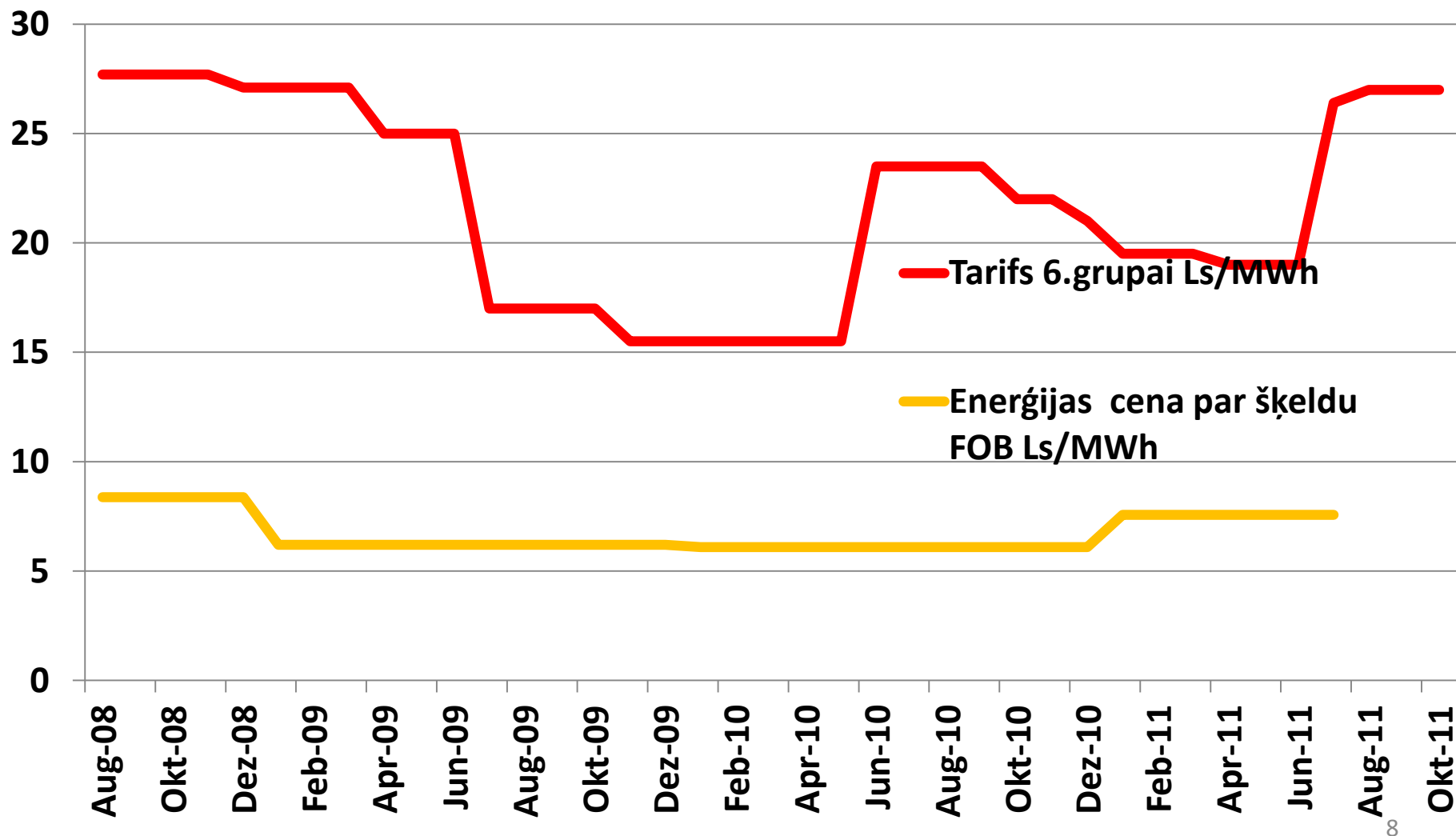


ft.com/marketsdata

Piped gas border prices



Gāzes tarifs seko līdzī gāzes cenai un notikumiem pasaules tirgos



Why is the savings potential not achieved?

- 1. Energy market prices do not reflect all costs to society**
- 2. Missing or incomplete markets, low number of trained professionals**
- 3. Harmful subsidies, regulated prices and negative incentives**
- 4. Lack of a comprehensive policy framework including regulatory and support instruments, and a poor enforcement**

Energy Efficiency as EU sees it

Energy efficiency is at the heart of the EU's Europe 2020 Strategy for smart, sustainable and inclusive growth and of the transition to a resource efficient economy. Energy efficiency is one of the most cost effective ways to enhance security of energy supply, and to reduce emissions of greenhouse gases and other pollutants.

Energy Efficiency as EU sees it

'energy efficiency' means using less energy inputs while maintaining an equivalent level of economic activity or service;

'energy saving' is a broader concept that also includes consumption reduction through behavior change or decreased economic activity.

In practice the two are difficult to disentangle.

WHAT'S THE ISSUE?

- **The EU committed to cut its greenhouse gas emissions to combat climate change. The energy system must become low-carbon.**
- **Dependence on imports of oil and gas is growing. The EU needs to save energy and find new energy alternatives and to produce more of its own energy.**
- **Energy prices are rising. Citizens and businesses are entitled to have access to affordable energy.**

WHO WILL BENEFIT AND HOW?

- **All citizens will benefit from lower greenhouse gas emissions, more secure and affordable energy if strategic decisions and measures are taken now to save energy, invest in low carbon energy alternatives and build intelligent and diversified energy networks.**
- **The development of new energy alternatives will sustain Europe's competitiveness in growth and job-creating new industries.**
- **Saving energy will lower the energy bill for industries and households; it will lower the level of investments needed to replace aging capacity and infrastructure and it will increase our energy security.**

WHY DOES ACTION HAVE TO BE TAKEN BY THE EU?

- **EU countries' energy interdependence is growing. National energy decisions have an impact on other countries. Energy security needs a European policy on security of energy supply, the development of infrastructures and relations with transit and producing third countries.**
- **Policies for the development of renewable energy and research on new technologies are more efficient if coordinated at European level.**
- **The continental energy market offers much more efficiency and economies of scale.**
- **Energy infrastructure modernisation is needed to integrate growing renewable energy, increase energy security and develop intelligent networks. EU coordination is needed to fix priorities, facilitate financing and speed implementation.**

Energy efficiency measures

Make the EU's economy more competitive saving from imports about €200 bn annually in 2020.

Create jobs and new business opportunities, and EU citizens would pay less on their energy bills.

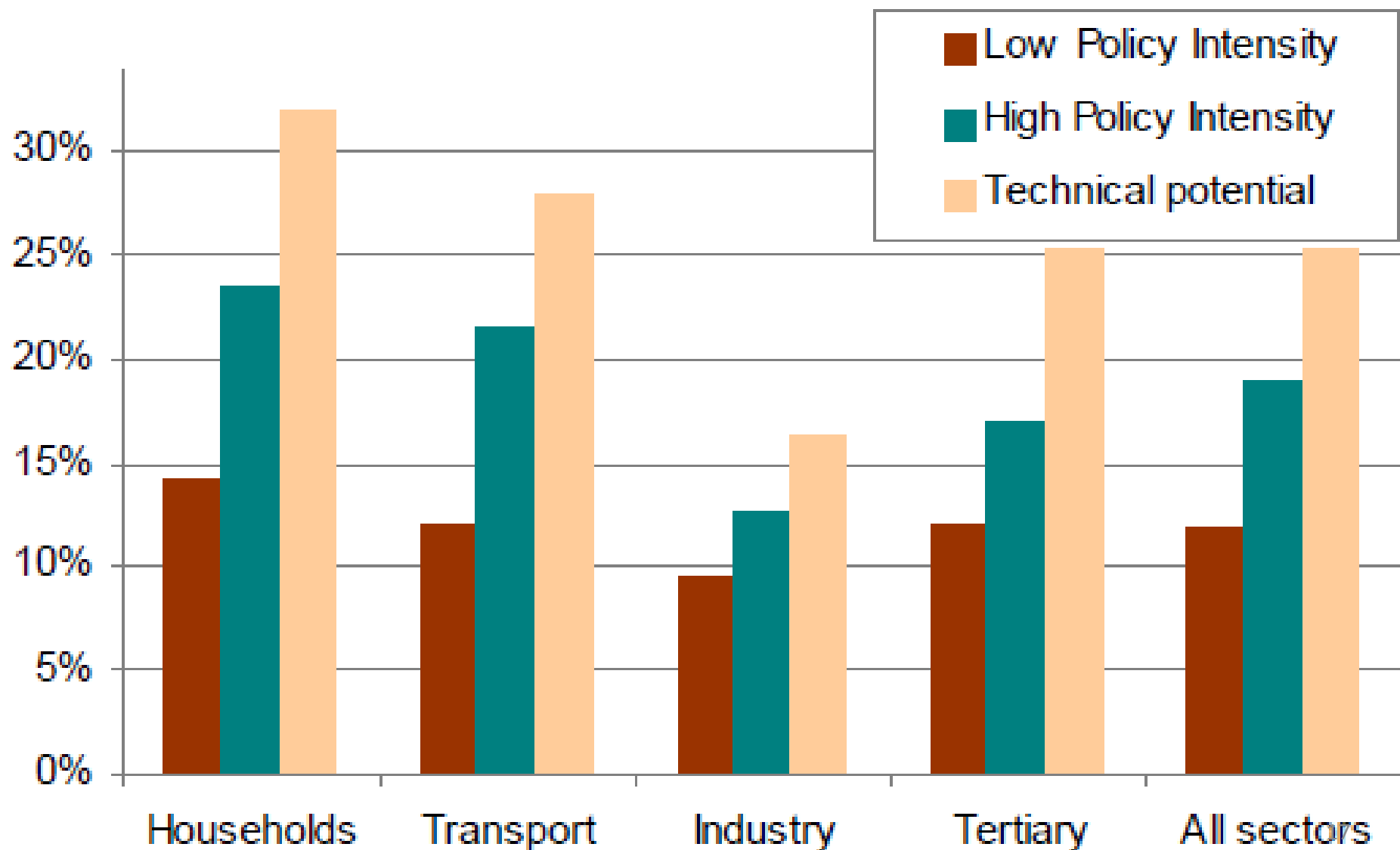
Reducing the number of fuel poor households and foster innovation.

Energy efficiency measures

Energy efficiency and savings benefits the EU economy as a whole, Member States, businesses and private individuals.

It is estimated that up to 2 million jobs can be created or retained because of energy efficiency

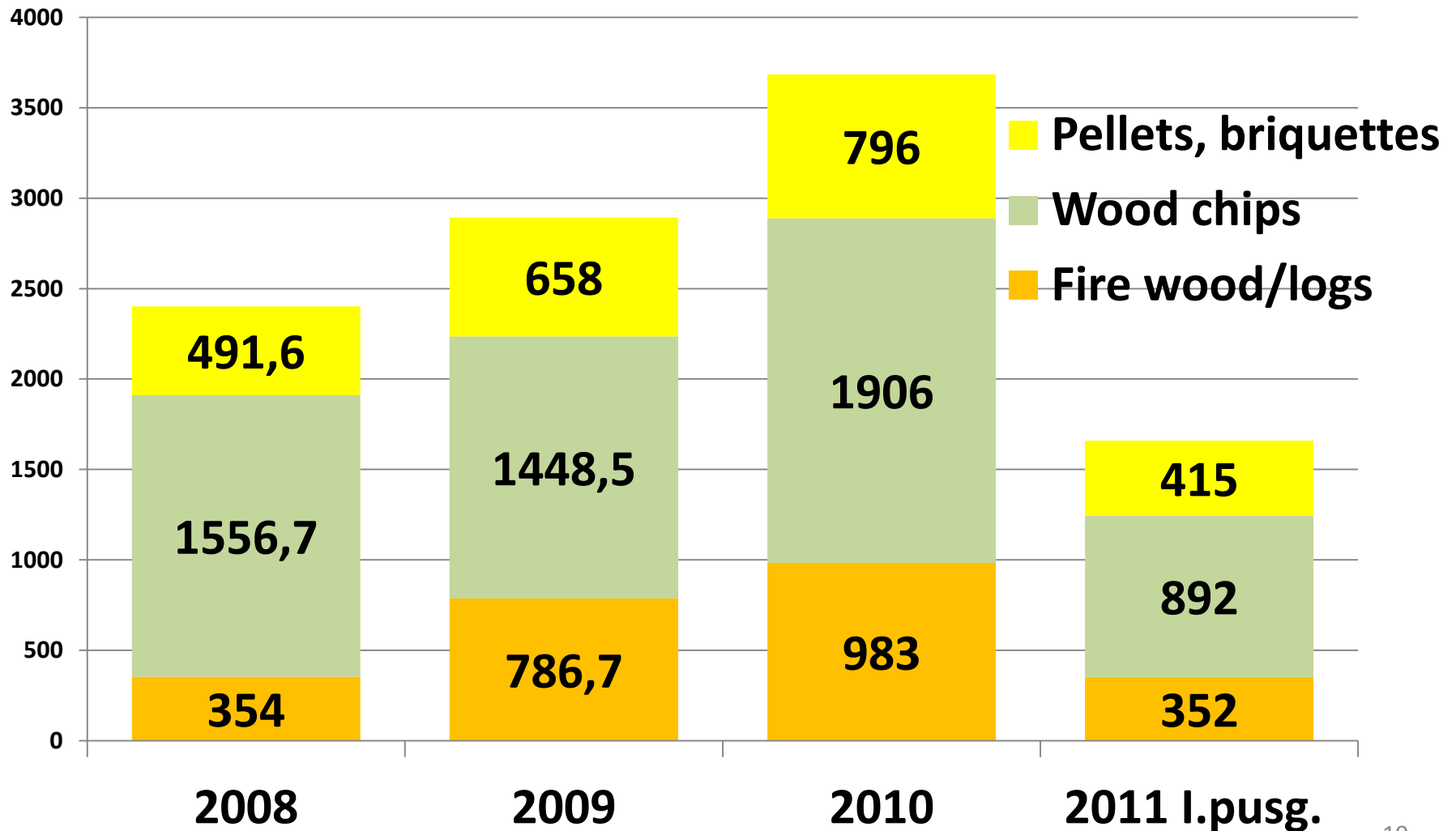
Final energy savings potential in EU 27 in 2020



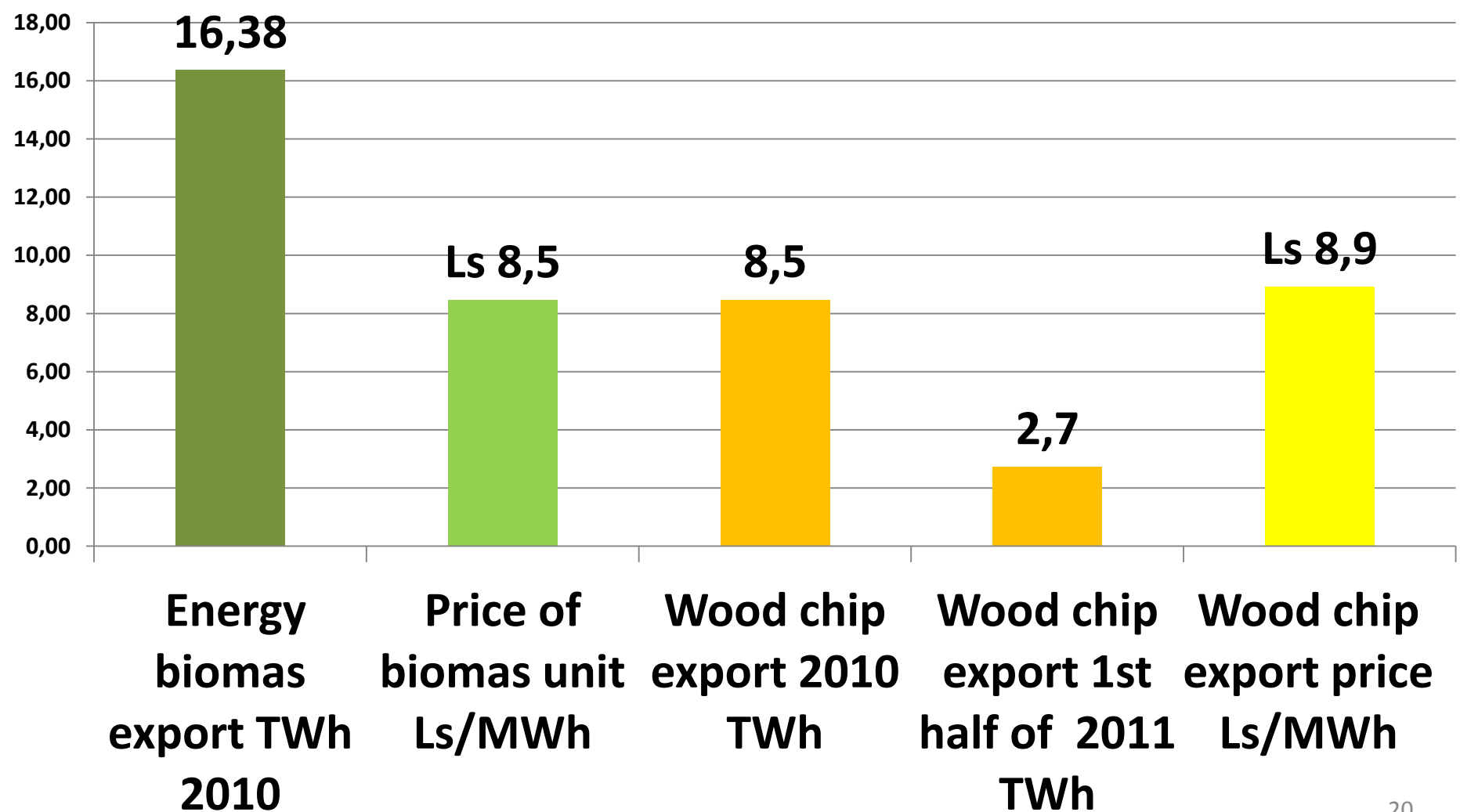
Final energy consumption

- Residential and services (or tertiary) sectors are responsible for the lion's share, about 37%, of final energy use in the EU (i.e. 25% for residential and 12% for the services sector in 2007).**
- Transport sector uses 32% of the EU's final energy.**
- Industry sector accounts for 27% of the final energy demand in the EU.**
- Agriculture and fisheries sectors are responsible for about 2% of the EU's final energy**

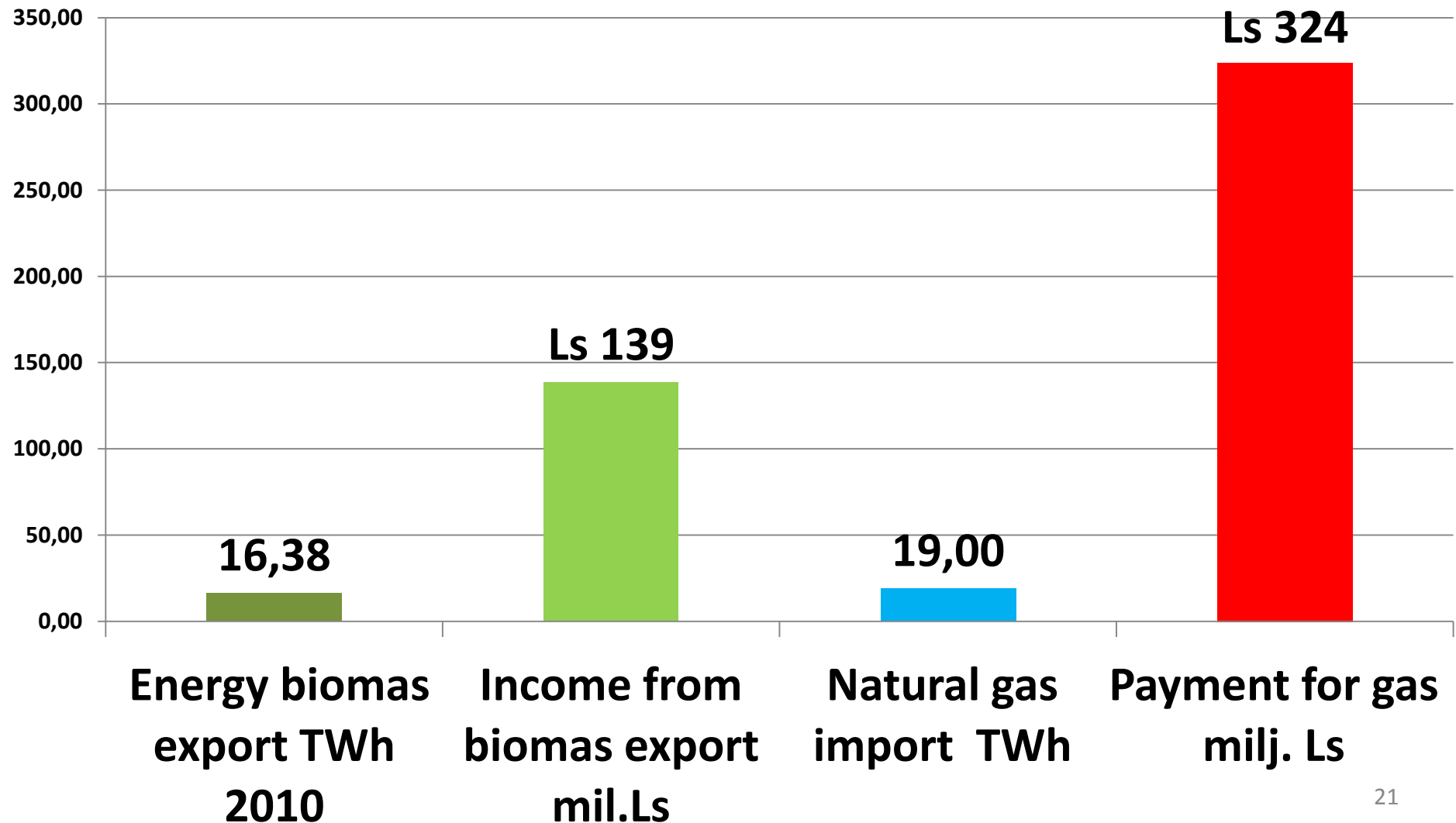
Energy biomass export 000 t



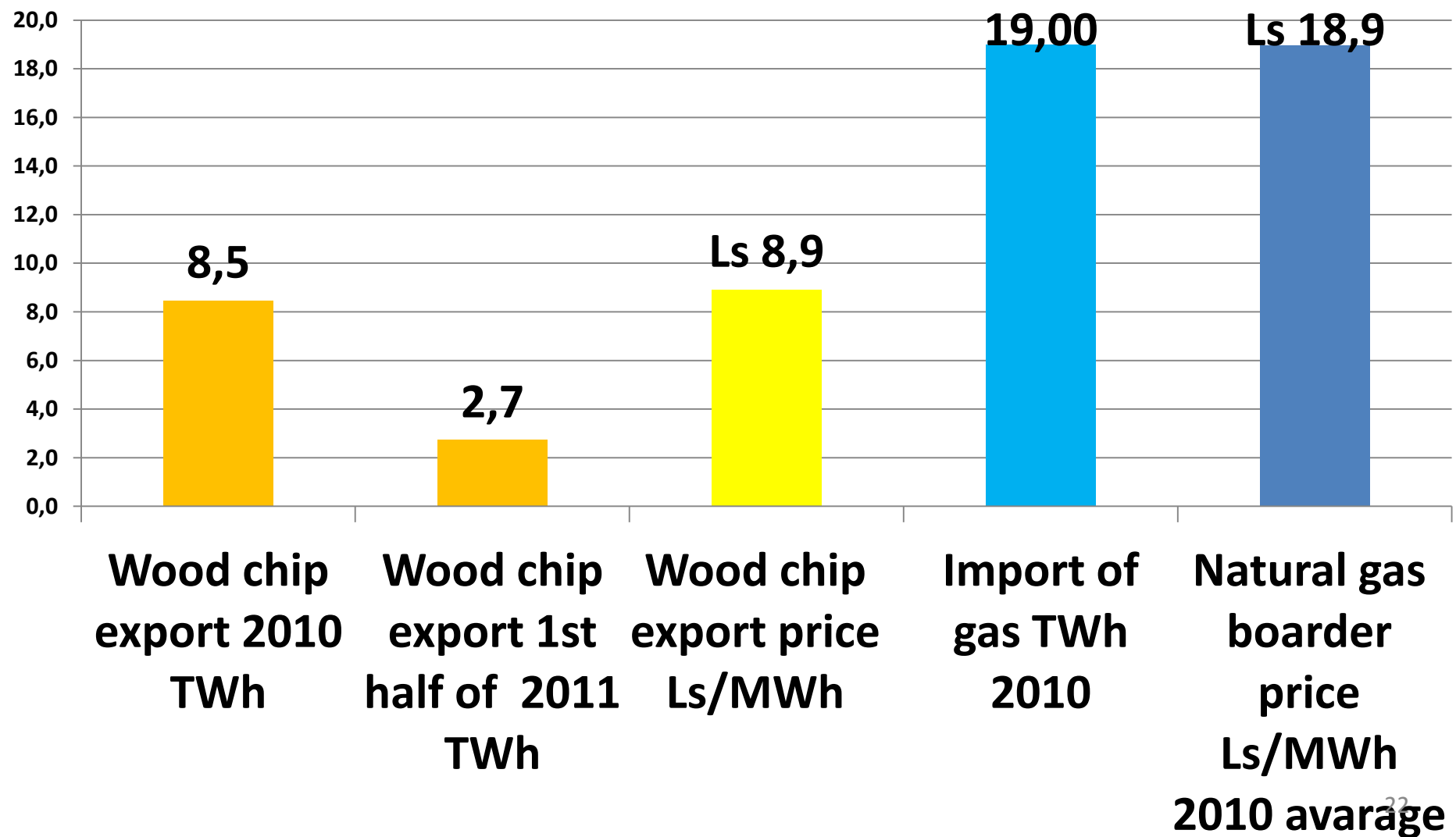
Export and prices



Energy and payments

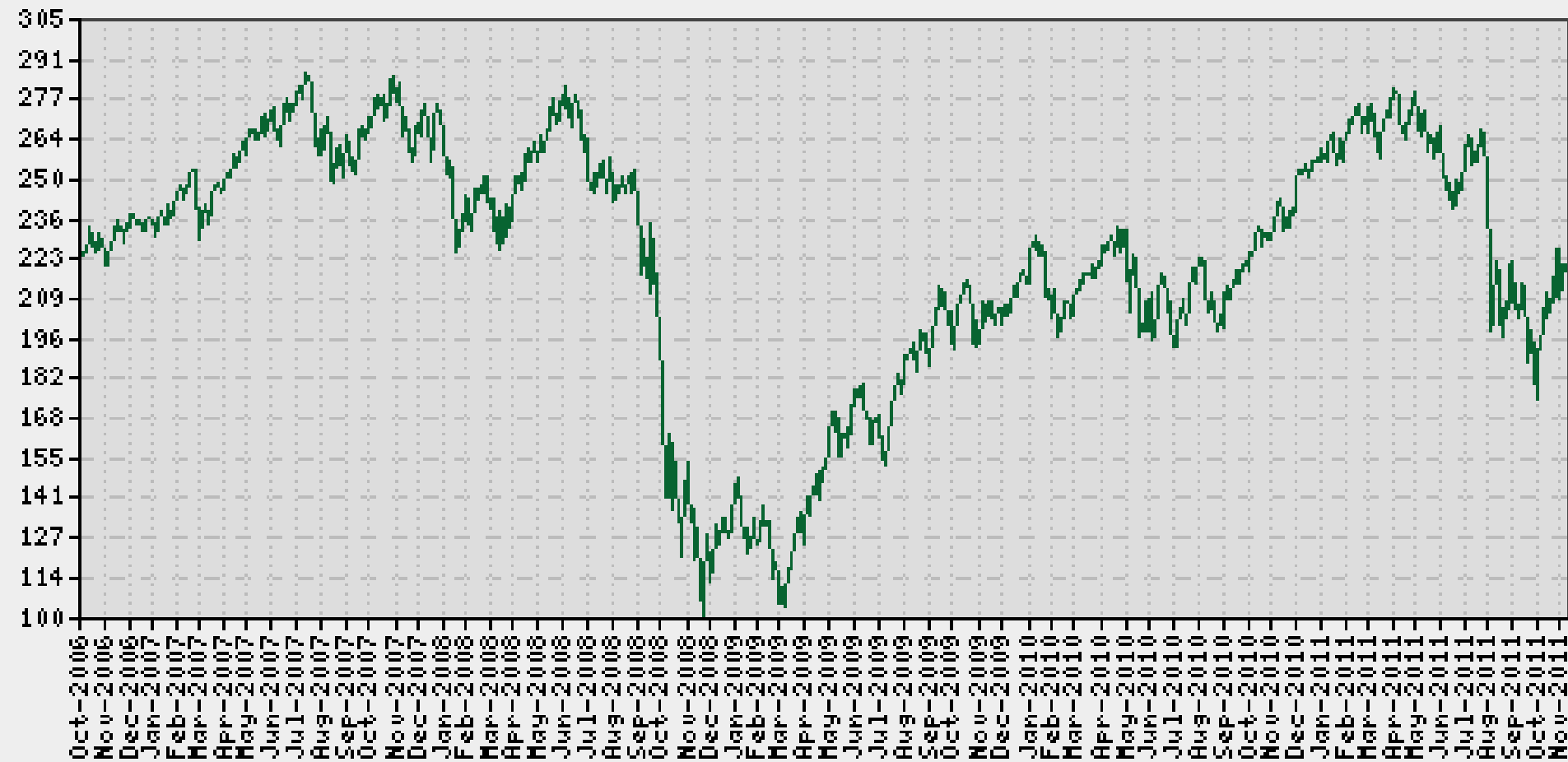


Export/import prices



Fossil energy

WILDERHILL PROGRESSIVE ENERGY INDEX



Clean/renewable energy

