Barroso yields on energy efficiency, but battle still looms

2030 energy efficiency target raised to 30% at the last minute after pressure from Juncker, but many think the figure is still too low.

By DAVE KEATING | 23/7/14, 4:01 PM CET | Updated 23/7/14, 7:12 PM CET

José Manuel Barroso, the outgoing president of the European Commission, avoided a potentially embarrassing row with incoming president Jean-Claude Juncker today by agreeing a last-minute change to a proposal on energy efficiency.

As recently as last week, the Commission’s draft proposal for an energy efficiency target for 2030 specified that the target would be non-binding and would be ‘under 30%’, probably somewhere between a 25% and 27% improvement in energy efficiency by 2030. This was, according to Commission sources, at the insistence of Barroso and Catherine Day, the secretary-general of the Commission, who feared that an energy-efficiency target at or above 30% would provoke strong opposition from member states and hurt the chances of an agreement on an emissions reduction target, scheduled for October.

But in his speech to the European Parliament last week ahead of his confirmation vote, Juncker
told MEPs that “a binding 30% energy-efficiency target is for me the minimum”.

Today (23 July), the Commission came forward with a proposal that calls for a 30% target – and left the question of how and if it will be binding to be determined by member states. The target would be measured based on absolute energy intensity rather than using a metric relative to a country’s GDP – an idea which had been floated within the Commission to ease the burden on some member states.

According to Commission sources, the increase to 30% was the result of a last-minute decision that was so late it delayed the press conference unveiling the proposal. It was feared that a 27% target would set up a conflict with Juncker and handicap his climate policy before he even took office.

It had been unclear whether there would be any efficiency target at all. In 2008, the EU set three climate targets for 2020 – a 20% increase in efficiency, a 20% decrease in emissions, and a 20% share of renewable energy in total energy. Several member states have said the three targets did not allow enough flexibility. In January, the Commission proposed a binding 40% emissions reduction target for 2030 only, opting not to renew the nationally-binding renewable energy target. It was thought that the efficiency target would also be scrapped after 2020.

In recent months Gunther Oettinger, the European commissioner for energy, signaled that the Barroso Commission had warmed to the idea and would produce a proposal on efficiency before the end of its term. Oettinger suggested a target of 35% would be likely. An impact assessment conducted by the Commission concluded that a 40% target would deliver the greatest economic benefit.

Some member states such as Poland and the UK are strongly opposed to an efficiency target. However others such as France, Germany and Denmark want an ambitious target. There was considerable pressure coming from both sides. Ségolène Royal, the French energy minister, said this week that the target should be at least 30%. Stefan Scheuer, the secretary-general of the Coalition for Energy Savings, wrote to Barroso last week urging him to leave the proposal to the next Commission rather than propose a low target. “It is not worth rushing spurious conclusions on energy-efficiency targets,” he wrote. “The current college of commissioners should facilitate future policy-making, rather than closing doors.”

However the energy efficiency lobby and campaigners are not thrilled with a target of 30%, and there are several member states which feel the same way. The target seeks a 10% increase in ten years, half the ambition of the 2020 target which sought a 20% increase in the same amount of time. However, given that the EU is not expected to meet the 2020 target, critics say this was too ambitious.

Campaigners say a 30% target ignores the Commission’s initial impact assessment, which shows that higher energy-savings goals return the highest economic benefits. They have complained that the impact assessment appears to have been modified in recent weeks to de-
emphasise the benefits of going above 35%. According to an initial draft of the Commission’s impact assessment, leaked earlier this month, a 40% target would increase EU GDP by 4% per year, add three million jobs to the economy and reduce the EU’s gas imports by 40%. However the impact assessment released today says “above 35% energy savings, the rate of reduction of gas imports from additional energy savings falls off sharply.”

Some MEPs are also not impressed with a 30% target. Peter Liese, the centre-right German MEP who shepherded previous climate legislation through the Parliament, said the proposal can still be strengthened in the legislative process. “The proposal still can be improved in the discussions between member states and Parliament.” Implementing legislation with measures to get the EU to its goal is expected next year, and Liese said the Parliament will also work to strengthen this legislation.

But large segments of industry are very wary of additional binding targets. Industry association BusinessEurope said that a multi-target approach, rather than the single-target approach preferred by the UK, will lead to market distortions and is not cost-effective. “The Commission is right to push for energy efficiency, but the proposed three-target approach risks, once again, being counterproductive,” said Markus J. Beyrer, BusinessEurope director-general. He said the experience with the 20-20-20 targets has proven this.

Gunther Oettinger, the European commissioner for energy, defended the ambition of the proposal. He pointed out that member states have resisted the measures that were proposed to meet the 2020 target, so the Commission had to exist within political realities. “There are lots of members states who say ‘others can do more, but I can’t do it,” he said. “30% is ambitious.”

Authors:
Dave Keating

This story tagged under:
Energy Efficiency  Günther Oettinger  Jean-Claude Juncker  José Manuel Barroso  Ségolène Royal