

## **“Delivering Energy Efficiency”: commentary**

**Rod Janssen, Energy Consultant**

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In October 2007, the Energy Charter Secretariat (ECS) published a report, *Delivering Energy Efficiency*, for the 2007 Environment for Europe Ministerial in Belgrade. The study detailed the progress made in Europe in recent years in implementing energy efficiency policies and programmes. This report was a follow-up to a similar one prepared for the 2003 Ministerial.

The report is extensive, covering about 50 countries in Europe and those participating in the process from outside Europe: Australia, Canada, Japan and the United States.

As author of the report, it was a rewarding challenge to follow the comings and goings of all the countries. Since I had also authored the 2003 report, I was well placed to see the trends developing. I would just like to highlight a couple of the major themes that I saw develop. These are personal and do not reflect on the views of the ECS.

Overall, the main two drivers for energy efficiency improvements remain energy security and climate change. Both of these are incalculable challenges and, for the first time, we are really seeing effects and potential effects that will have ramifications for generations to come. Yet, I saw a certain casualness in energy efficiency policy development. For many countries, I felt the priority for energy efficiency at the national level, as expressed by measures, funding and human capacity to implement measures, actually declining or no more than holding steady. For 27 of the countries, members of the European Union, and a few others that shadow the EU approach, Community-wide directives and policies have been the bedrock of their domestic strategies. For some of those countries, those EU initiatives virtually defined their whole approach. For transition countries, not directly involved in the EU approach, the priority and the activity for energy efficiency is almost universally lower and the gulf between the two groups of countries is growing.

We are seeing the greatest expression of commitment towards energy efficiency at the international level. For example, both the EU and its various bodies (including the European Parliament) and the International Energy Agency, have really come out strongly in favour of improved energy efficiency. This is a major change for both of them. Having worked closely within both, before energy efficiency was given only token attention. And we are also seeing a major commitment for energy efficiency from the financial community in the region, particularly led by the European Bank for Reconstruction and Development.

Not surprisingly, the balance between energy supply-side initiatives and demand-side initiatives continues to be skewed in favour of energy supply. Undoubtedly, in too many countries in the region, very little consideration is given to the demand side. Sometimes it is confused with support for renewable energy that, although it should be given a priority, is not a normal demand-side issue. Understandably, a thermal power plant or a new pipeline costs more than reducing demand, however a more integrated approach is needed. The energy efficiency community has obviously not made a convincing enough argument on how to really change the priority.

Climate change is raised time and time again as the major environmental challenge facing our economies but for many of the countries in the region, this is simply not a top priority. For many, there is a belief that their emissions have such insignificant global impact that there is no need to change the priority. Countries that have emissions credits to sell or trade feel let down by the cumbersome-ness of the flexible mechanisms under the Kyoto Protocol and, anyway, those mechanisms unfortunately are not doing much in energy efficiency. And countries still are trying to reconcile economic growth with emissions reductions, thinking it is an either-or situation.

Too many countries are still implementing energy efficiency policies in a half-hearted manner. Some policies and programmes are excellent, being innovative and showing great promise. There are some excellent people working in the field. I don't want to take anything away from those already working there. Yet, it is obvious, for example, in the way the new EU directives (for example, on the energy performance of buildings) are being implemented – too slowly, too lethargically and with not enough funding.

Energy efficiency is quite unlike most areas of government policy. It is not a stand-alone area. To be effective, it must be integrated into other areas of policy, from transport to housing to industrial development. Improved energy efficiency is not an end in itself, but a means to an end. Too often there is not the breadth of thinking that is needed to span these areas. It is a challenge because one is often dealing with people and organisations with different approaches and different priorities

Europeans have had so-called comprehensive energy efficiency policies since the first oil crisis in 1973. But, when you delve into the results of the past 35 years, we have not made as much progress as we should have. Programmes have not changed substantially, although there has been some progress in certain areas. We are still trying to raise awareness, which one would have thought simple when oil is almost at \$100 per barrel. We are still trying to understand consumer behaviour and the analysis has not progressed that much since some of the innovative work in the early 1980s. We are still trying to tighten building codes, fuel efficiency standards for cars and so on. End-use energy-efficient technologies have evolved, undoubtedly, but when you look at the percentage of R&D budgets are dedicated to the demand side, it is quite pathetic (especially compared to nuclear R&D).

So, where now? After 30 years in this field I should know the answers but I don't. We have gone round and round trying to 'tame this beast.' The energy efficiency community (those working in the field from policy analysts to programme implementers) must really up their game. It will take organisations such as HELIO International to really spearhead the discussion. NGOs, industrial bodies, international organisations and think tanks must find ways of reaching all levels of decision-makers, from government officials to national parliamentarians, to really develop that commitment.

The days of 'sleepwalking' our way through policymaking must end. And the days where we are satisfied with 'mediocrity' must end. Those doing well really must set an example. And, reading between the lines throughout the entire report, *Delivering Energy Efficiency*, it is obvious that everyone has much more to do.

The report is available to download from [www.encharter.org](http://www.encharter.org)