

EFIEES' Position on a 2040 EU Climate Target

EFIEES is the voice of private energy service companies (ESCOs) and their national associations across Europe. Our members represent over 100.000 professionals committed to the design and implementation of energy efficiency measures in public and private buildings, industrial facilities, as well as to the efficient operation of district heating & cooling networks.

EFIEES welcomes the Commission's work on a potential 2040 climate target for the European Union. We believe that an intermediary step between 2030 targets and 2050 carbon neutrality objective would indeed be useful to make sure that the European Union is on track to achieve its climate ambitions. When setting a 2040 target, it is of utmost importance to keep in mind that the first goal is to **achieve the objectives already set and guarantee an effective implementation of the Fit for 55 package**. Assessing 2030 targets' completion and the collective and individual work towards their achievement will thus be key to ensure the setting of a meaningful yet ambitious 2040 climate target.

Moreover, when working on a new 2040 climate target, the key guiding **"Energy Efficiency First" principle** should not be overlooked, as **energy efficiency measures and renewables uptake go hand in hand**. When implementing energy efficiency measures which aim at both reducing energy consumption and CO2 emissions, it is and will be key to **focus on guaranteed and maintained performance over time**. This was already crucial when setting 2030 objectives, but will still be very relevant for 2040 target, in order to **ensure a coherent and efficient EU climate and energy policy**.

Some of the challenges for 2040 will remain the same as those identified when setting 2030 objectives. Others will have appeared when implementing the Fit for 55 package. Nevertheless, a 2040 EU climate target and its accompanying policies, will have to take those challenges into account, based on **impact assessments and continuous evaluation of the new and revised directives**. On one hand, to respond to a **likely rebound effect**, it will be even more important to work on citizens' and users' behaviour, notably through energy management solutions and energy coaching. **Energy sufficiency** will thus be a key guiding principle in the coming years and should be further included in EU policies when setting a 2040 climate target. On another hand, some challenges already identified when working on 2030 objectives will still be very relevant for 2040. Indeed, implementing the Fit for 55 package will require a **continuous focus on just transition and energy poverty**. Some mechanisms have already been put in place to ensure the protection of vulnerable households and citizens from the energy crisis and from likely consequences of the EU energy policies. Yet, setting a 2040 target will require to assess these mechanisms and to adapt them if needed. Moreover, the current **skills-gap** faced for the twin transition (green and digital), will most likely still be relevant in 2040 and onwards. Thus, it is and will be crucial to support the transfer of skills from other sectors including non-renewable sectors to renewable technologies, alongside measures related to education and training.

Therefore, **setting a 2040 target could require some new accompanying policies**. Yet, after several years of very intense legislative work on the EU Green Deal, it will be **necessary to strike the right balance and avoid over legislating**. Any new revision of a directive or extension of a system such as the EU ETS or the possibility to remove the building sector from the ESR following the implementation of the ETS2 would have to be **carefully assessed** to guarantee a level playing field between available solutions and to avoid creating additional administrative burden at EU, national, and local levels.