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# **Energy efficiency: *Market Report 2014 and Capturing the Multiple Benefits***

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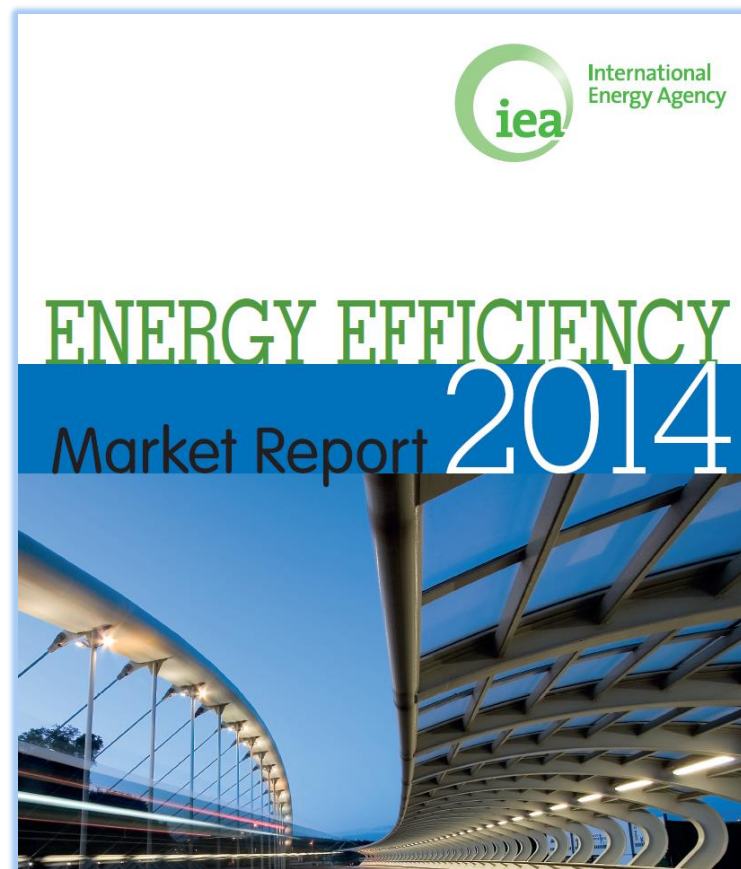
EUFORES 14<sup>th</sup> Inter-Parliamentary Meeting  
Lisbon, 10-11 October 2014

# Energy Efficiency Market Report 2014

## – Launched 8 October 2014, Verona

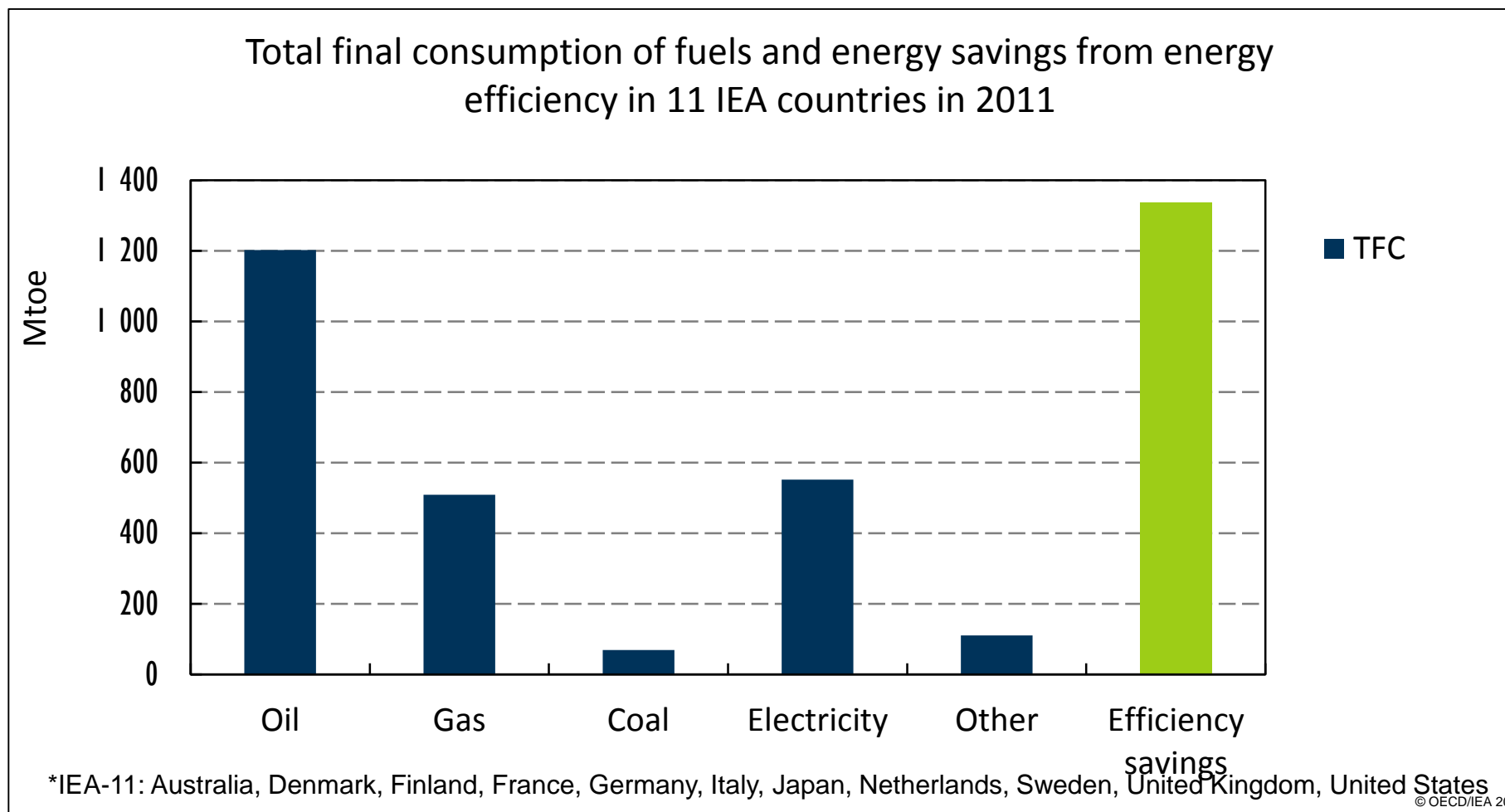
[www.iea.org](http://www.iea.org)

- Energy efficiency market estimated value to be between USD 310 billion and 360 billion
- Energy efficiency is *still* the first fuel in IEA-11 countries: avoided energy use was larger than the supply of oil, electricity or natural gas in 2011
- Energy efficiency market: diffuse, extensive and projected to grow



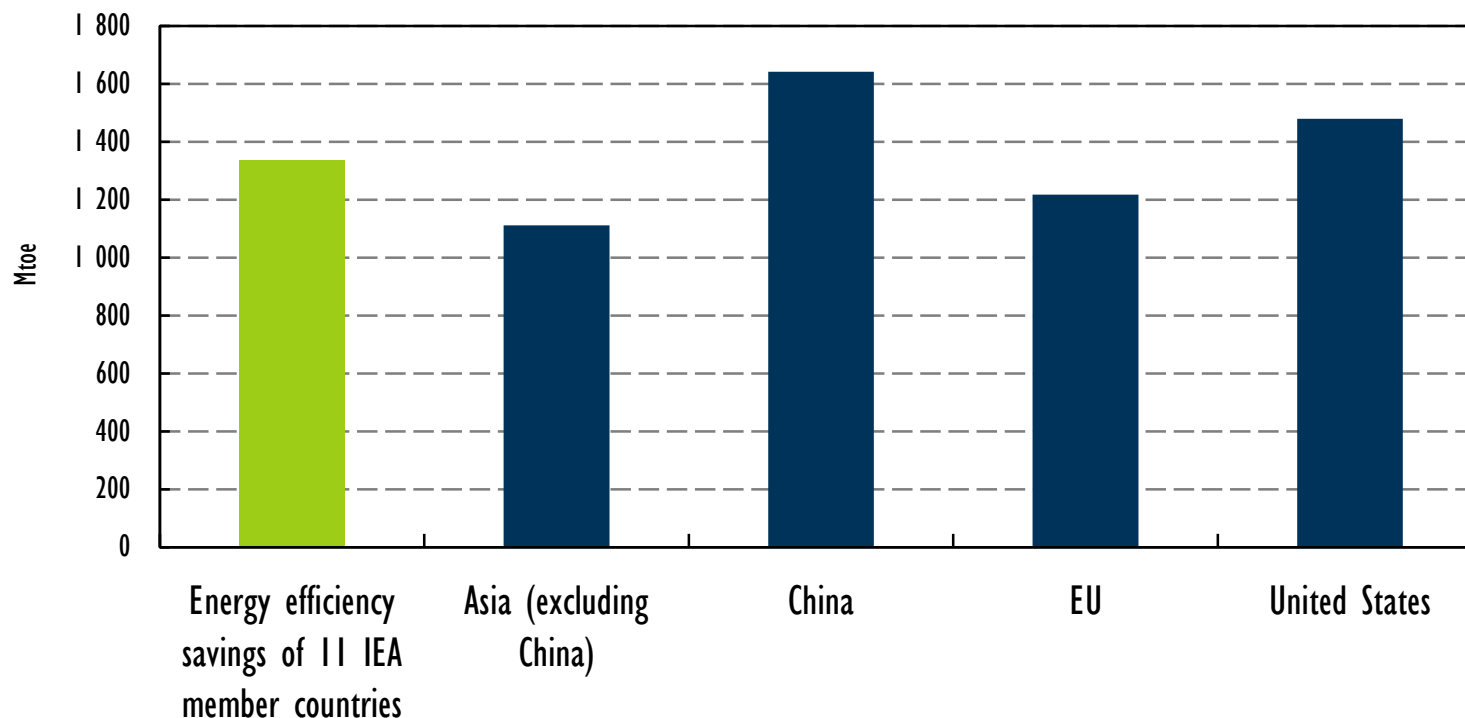
# Energy efficiency: still the 'first fuel'

***Supplied (1336 Mtoe) more in 2011 to meet energy service demand than oil (1200 Mtoe), electricity (552 Mtoe), natural gas (509 Mtoe) in IEA-11\****



# Indicators: Energy efficiency an invisible powerhouse

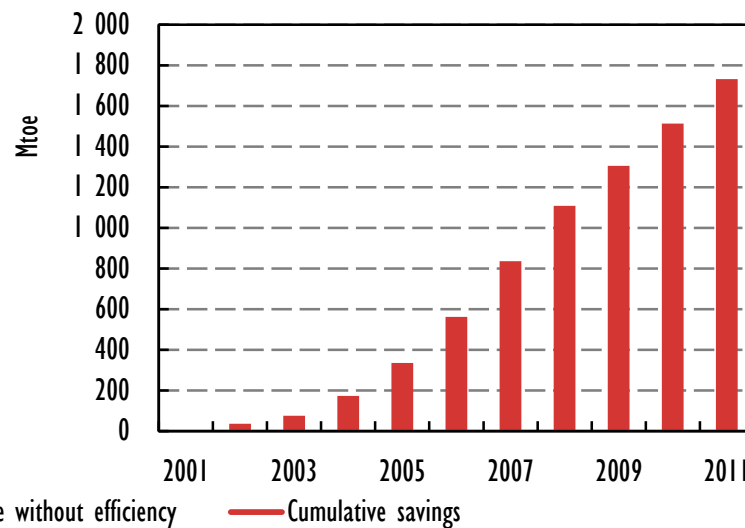
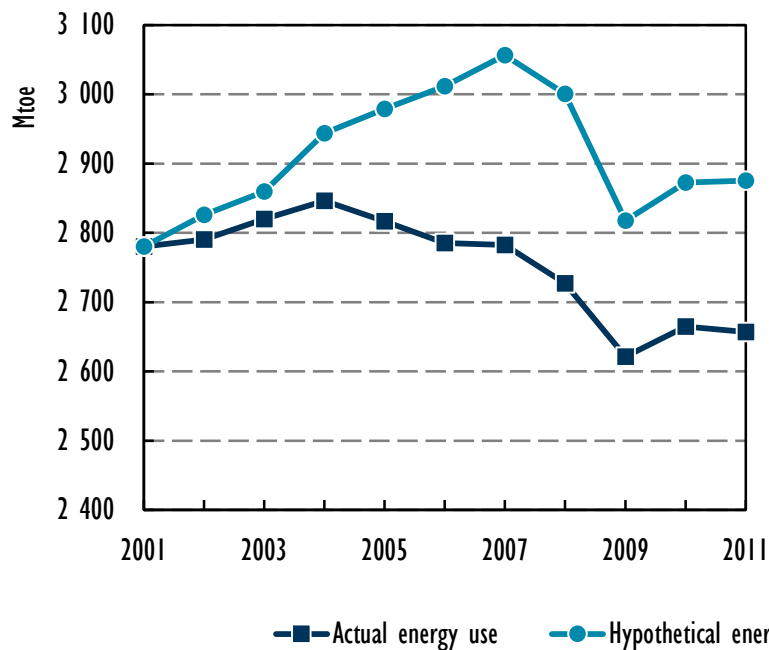
- Energy efficiency savings rival the TFC of major energy-consuming countries and regions
- Energy efficiency improvements over the last four decades saved more energy in 2011 than EU TFC



# Indicators: Energy efficiency an invisible powerhouse

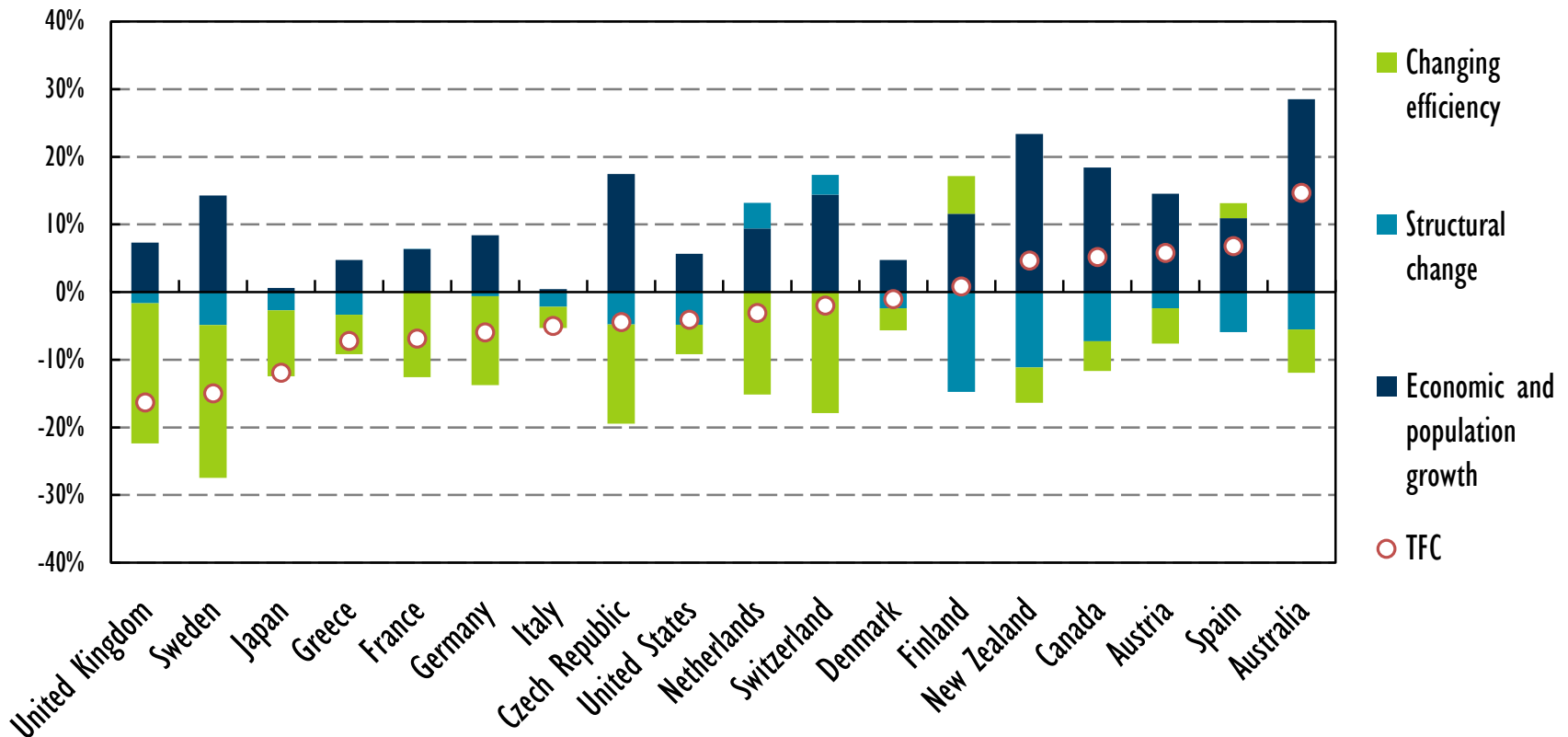
- Energy efficiency improvements compared to 2001 produced over 1 700 Mtoe in cumulative energy savings by 2011 in 18 IEA countries**

TFC and hypothetical energy use without energy efficiency improvements since 2001



# Indicators: 2001-11 TFC down in 12 of 18 countries largely from efficiency

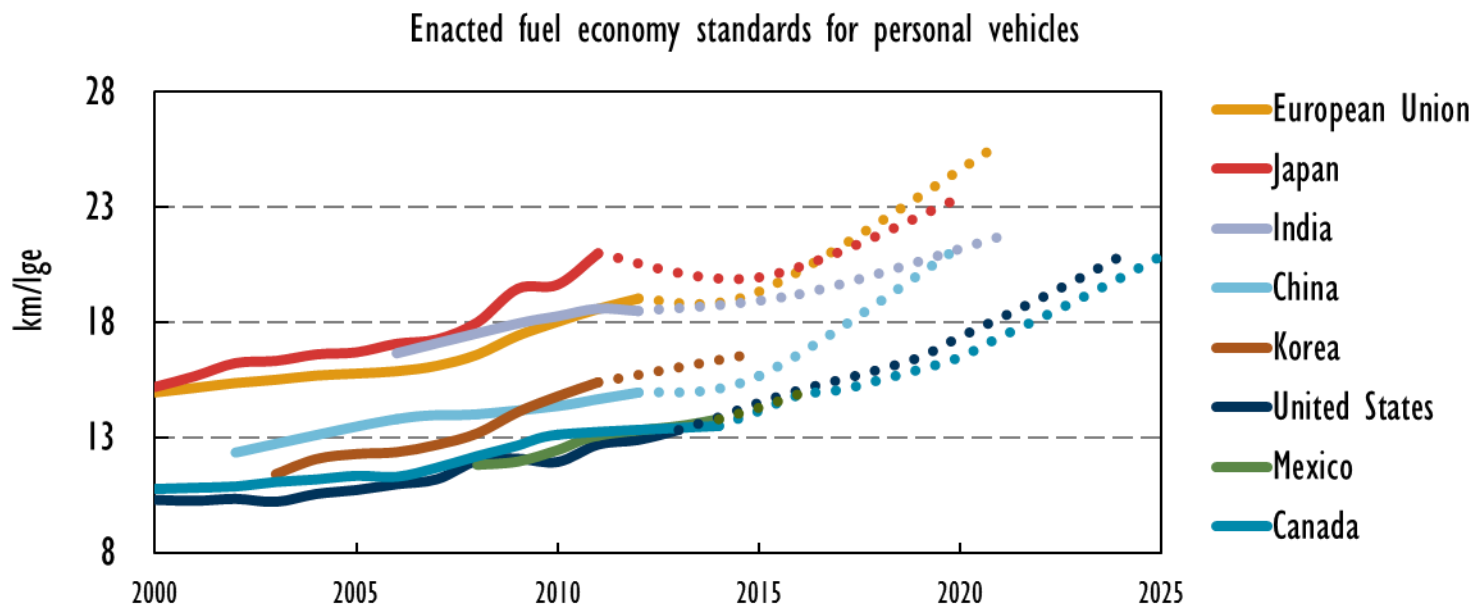
- Efficiency is helping efforts to decouple economic growth from energy consumption





# Transport efficiency market driven by fuel economy standards

- Fuel economy standards affect 70% of global new vehicle fleet (50 million vehicles in 2011)
- Standards could achieve between USD 40 and 190 billion in fuel savings by 2020 pending ambition and effectiveness



Source: Global fuel economy initiative

- **Energy efficiency finance is expanding and innovating**
- **Third-party financing estimated in range of USD 120 billion (drawing on WEIO estimate of financing share)**
- **Bilateral and multilateral development funding for energy efficiency was over USD 22 billion in 2012**
- **Energy efficiency finance is moving from niche to established financial market segment**
- **Energy efficiency market will grow with greater transparency and standards for financial products**



- **11 countries:**

*Canada*

*Italy*

*China*

*Japan*

*EU*

*Korea*

*India*

*The Netherlands*

*Indonesia*

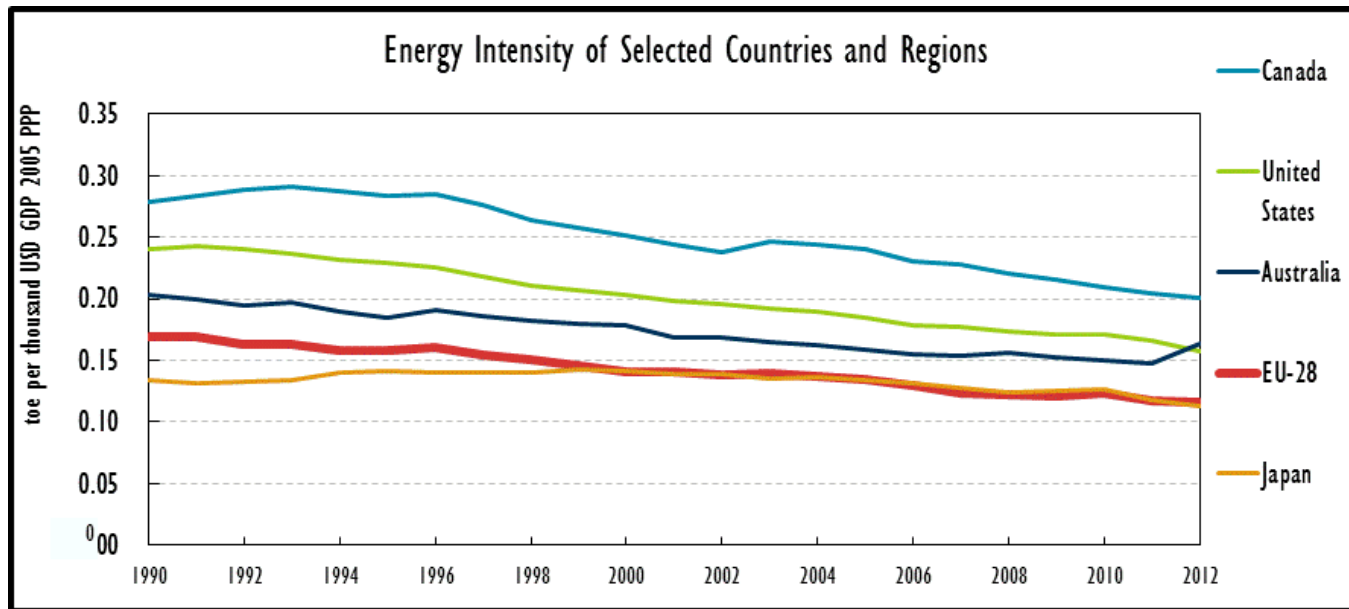
*Thailand*

*Ireland*

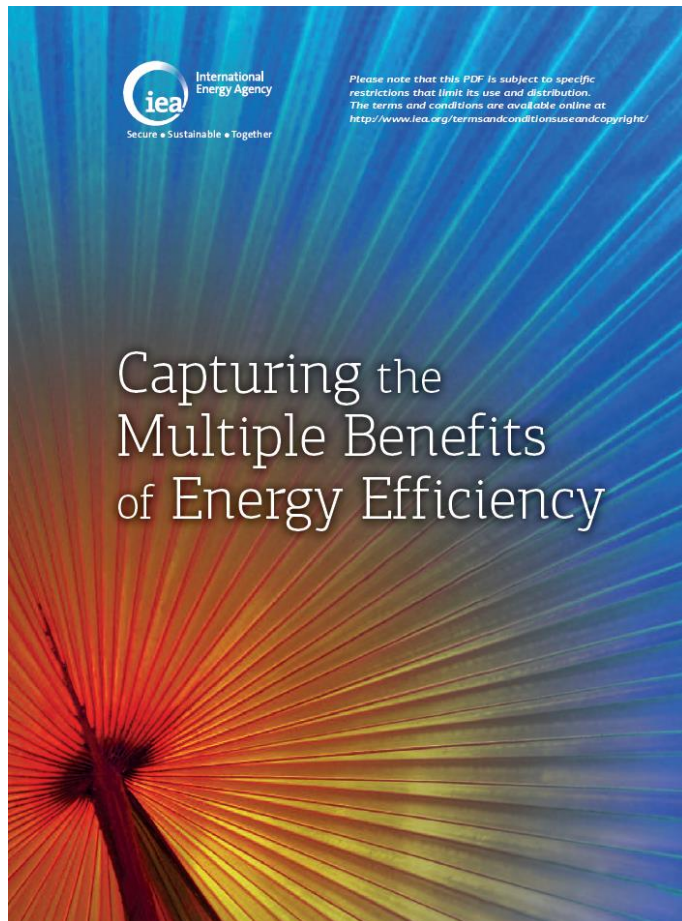
- **Highlighted sub-markets and innovative policies harnessing market factors**

# EU showing progress and stepping up ambition

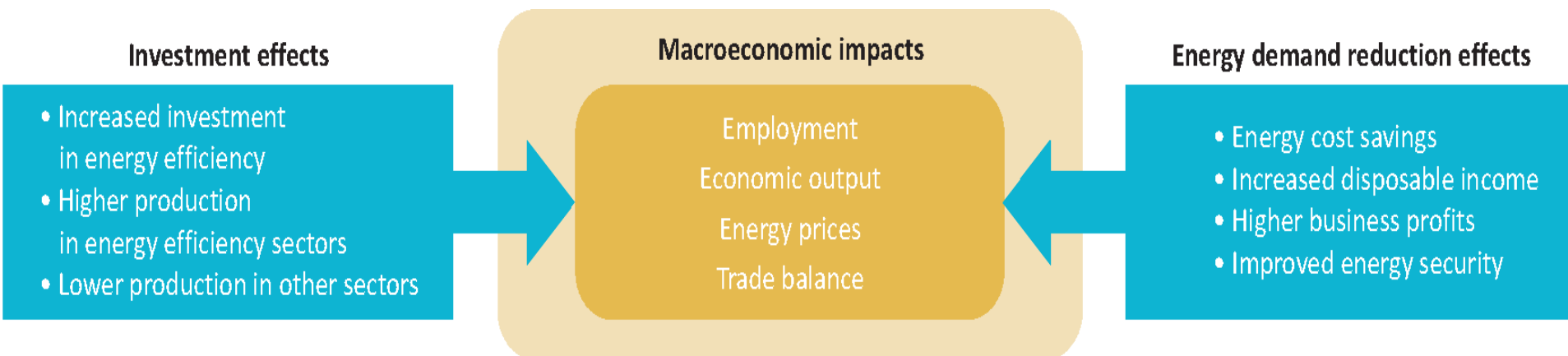
- **EU has reduced its energy intensity by 28% since 1990**



- **EU countries achieved the greatest energy efficiency improvements on average between 2001-11 among IEA members**
- **Expect a doubling (at least) of energy efficiency investment from European Structural and Investment Funds to over EUR 10 billion**



- Introduction – context
- Macroeconomic
- Public budgets
- Health
- Industrial productivity
- Energy providers
- Conclusions
- Methodologies



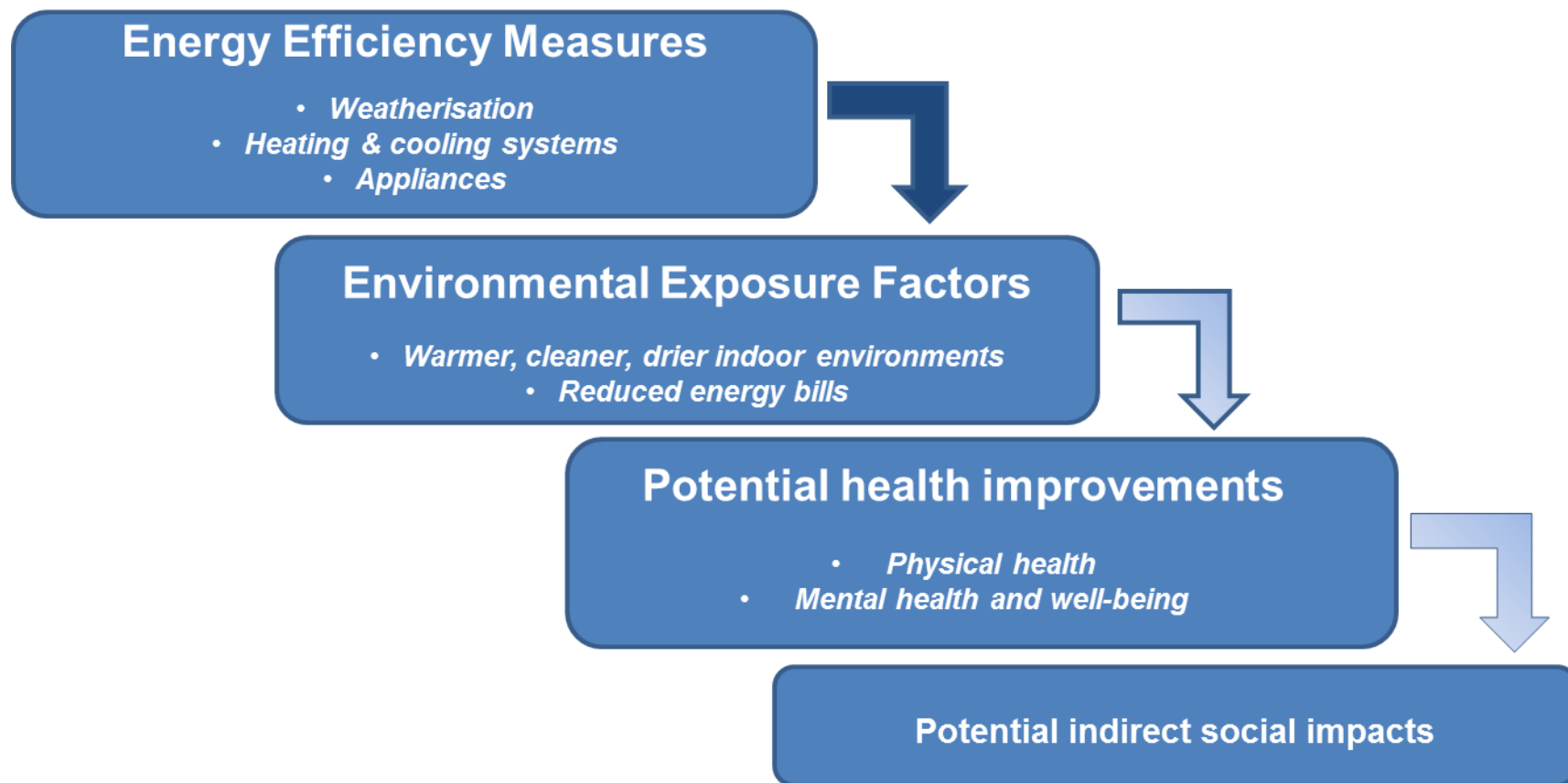
***By driving increased investment and energy demand reductions, energy efficiency policy can boost GDP growth by between 0.25% and 1.1%.***

## Investment effects

Sales tax revenue from sales of energy efficiency products and services	↑
Sales tax revenue from other goods when crowded out by Energy Efficiency	↓
Initial costs of public investment in energy efficiency products and services	↑
Social welfare and unemployment benefits expenditures	↓
Real estate transaction revenues if properties become more valuable	↓

## Energy savings effects

Public expenditure on public sector energy	↓
Energy subsidies to final consumers	↓
Energy excise duty, emissions trading, and carbon tax revenues	↓
Sales and income tax revenues from sales of goods and services	↑
Public health or social welfare expenditure	↓
Public investment in energy supply infrastructure and subsidies	↓



# Industrial sector: from savings to value creation

## **Competitiveness**

ability to enter new markets, reduced production costs etc.

## **Production**

capacity utilisation, improved product quality etc.

## **Operations and maintenance**

improved operation, reduced need for maintenance etc.

## **Working environment**

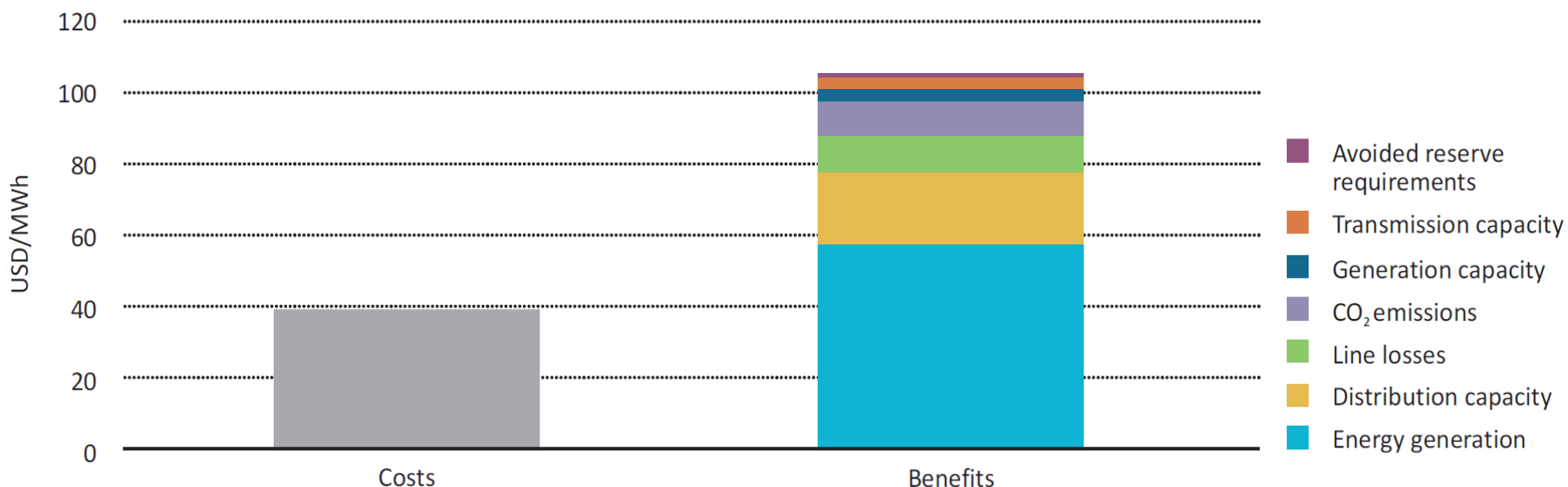
site environmental quality, worker health and safety etc.

## **Environment**

air pollution, solid waste, wastewater, reduced input materials etc.



# Expanding energy provider business models



- **Benefits for utilities: in resource constrained operating context**
- **Benefits for consumers/indirect benefits for utilities: increased affordability reduces customer default and associated costs**



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**Thank you.**

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International Energy Agency*

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