

**Statement of the German Business Initiative on Energy Efficiency – DENEFF e. V.  
and DENEFF EDL\_HUB gGmbH**

Regarding the Call for Evidence of the EU Commission from 18.12.2025

**Update of the governance of the Energy Union and  
climate action**

Berlin, 19<sup>th</sup> of March 2026

**Contact**

**German Business Initiative on Energy  
Efficiency e. V. (DENEFF)**

Alt-Moabit 103

10559 Berlin, Germany

EU Transparency Register 19736167705-91

**Christian Noll**

Managing Director

Phone: +49 (0) 30 36 40 97 01

Mobil: +49 (0) 179 149 5764

Mail: [info@deneff.org](mailto:info@deneff.org)

---

**DENEFF EDL\_HUB gGmbH**

Alt-Moabit 103

10559 Berlin, Germany

**Rüdiger Lohse**

Managing Director

Phone: +49 (0) 30 36 40 97 01

Mobil: +49 (0) 176 61 46 10 40

Mail: [ruediger.lohse@edlhub.org](mailto:ruediger.lohse@edlhub.org)

---

Thank you for the opportunity to participate in the EU Commission's Call for Evidence regarding the update of the governance of the Energy Union and climate action. We want to share our comments with you from the perspective of the energy efficiency sector, and we will be available for further consultation as the process continues.

## **Background and Summary**

With this initiative, the EU Commission sets the foundation of a post-2030 target architecture. It aims to accelerate the transition to climate neutrality by providing a framework that increases the Union's resilience for any further crisis, increases competitiveness, energy security and energy resilience and strategic independence; tackles challenges for clean and net zero technologies; accelerates the phase-out of fossil fuels and fossil fuel subsidies, and better tackles energy poverty.

Persistently high energy costs and reliance on energy imports put both European industry and households under pressure. Energy bills now account for up to 25% of average housing costs, with one in ten Europeans struggling to afford adequate heating. Europe still imports roughly 60% of its energy – especially fossil fuel – and 19% of total gas imports still come from Russia, and ~10% LNG imports through the Strait of Hormuz<sup>1</sup>.

Ambitious energy efficiency measures are vital – and proven to be successful – in achieving energy resilience, affordability, and decarbonisation in Europe. They significantly boost energy productivity, reduce energy bills, and lessen the need for costly energy system expansions. The untapped energy efficiency potential in Europe's buildings and industry sectors remains substantial. Europe is already a global technology leader in both energy efficiency and clean heating and cooling solutions. Unlocking this combined potential means strengthening the domestic market, creating and securing millions of high-quality jobs, and building long-term economic wealth for Europe. Targeted policy frameworks and smart state aid can realise the full growth potential of this sector, while supporting a socially fair transition and climate neutrality.

**We therefore fully endorse the Commission's ambition to update the governance of the Energy Union and climate action and move it beyond pure reporting towards strategically planning critical investments. Strengthening energy efficiency in the new governance structure is a cornerstone of climate neutrality, competitiveness, and energy sovereignty, supported by clear targets and investment plans.**

We recommend considering the following measures:

- 1. Implement an energy efficiency target in the governance architecture**
- 2. Connect electrification KPI with energy efficiency policies**
- 3. Unlock massive market potential and secure Europe's technology leadership**
- 4. Strengthen delivery through ESCOs and make energy poverty a core element of the governance framework**

---

<sup>1</sup> Source: DERA (2026): Die Straße von Hormus – Erdöl, LNG, Helium betroffen

## Key Messages

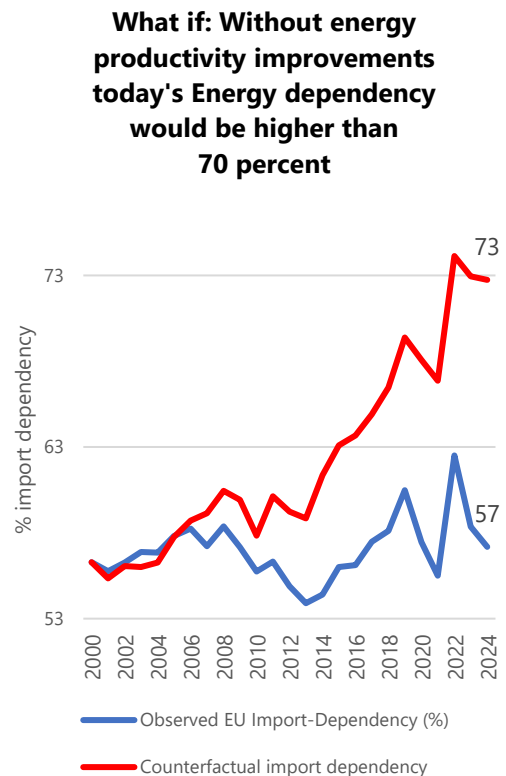
1. **A clear and binding energy efficiency target for the period after 2030**, which enables a faster electrification, is crucial to deliver the energy and heat transition across sectors in a cost-effective manner.
2. **The Buildings and Energy Efficiency directives should not be revised ahead** of schedule or be subject to de-regulation omnibuses. Article 8 of the EED, in particular, is the central instrument of the EU's energy efficiency policy framework, a guarantee for the economy and a stable foundation for many energy efficiency support programmes across the EU. We support the aim of simplifying procedures and reducing bureaucratic burdens; however, deregulation of key elements such as Article 8 of the EED would massively weaken the functioning of the energy efficiency architecture.
3. Identify **priority areas for EU action** to boost investments: for example, clean and efficient heating and cooling, building renovation, efficient decarbonisation of process heat within the different temperature ranges, efficient motion, lighting, conversion and storage and other efficiency technologies and services in all sectors.

## Our Recommendations in Detail

### 1. Implement an energy efficiency target in the governance architecture

#### Fact Box: Savings achievements and future potentials in Europe

Energy efficiency has proven to be a central and often underestimated pillar of **EU energy security**: without the energy productivity gains achieved since 2000, primary energy consumption today would be around 2,030 Mtoe instead of approximately 1,290 Mtoe – implying savings of about 740 Mtoe, or more than one-third of current demand. These savings have significantly constrained the EU’s import dependency; instead of the current ~57%, it would have risen to around 73%, substantially increasing exposure to global supply disruptions. In practical terms, the avoided demand corresponds to thousands of additional LNG cargoes per year, an extension of Europe’s crisis resilience from roughly 100 to 157 days of supply, and the annual energy needs of about 115 million households. Energy efficiency is therefore not only a climate and cost measure, but a strategic cornerstone of EU resilience, competitiveness, and geopolitical autonomy.



However, still massive energy savings potentials exist in various areas of the **industrial sector**. In total, 40% of the German industry’s final energy consumption could be saved economically without production cuts. This means lower greenhouse gas emissions and bringing down the industry’s energy bill by about 29 bn euros every year. It would also ease the transition away from fossil fuels and Russian gas. Energy efficiency measures not only bring down system costs but also cut the energy bills of industrial companies and enable the transition towards climate neutrality.

Concurrently, **new (digital) infrastructure demands** are emerging as data centres and AI facilities proliferate, concentrating energy use in urban hubs and straining local grids. AI-ready racks now consume 40 to 135 kW each compared to traditional 4 to 6 kW, with upcoming systems announced to exceed 500 kW<sup>2</sup>. These rapidly growing energy consumers accelerate the need for more robust, flexible, and decarbonised systems.

<sup>2</sup> Source: Frank Long. 2025: 1,000 homes of power in a filing cabinet - rising power density disrupts AI infrastructure. Goldman Sachs.

**Energy efficiency in buildings** is one of the largest untapped levers for reducing electricity demand and easing pressure on the energy system. In the area of decentralised heat supply alone, electricity demand would increase drastically without energy efficiency measures, requiring up to 98 GW of additional capacity and 153 TWh/year just in Germany. This alone would equal the output of around 200 additional gas power plants (each 500 MW) – roughly three times today’s installed gas generation capacity in Germany<sup>3</sup>. Energy Efficiency measures not only lower total energy use but also reshape demand curves. By flattening winter peaks, they reduce the need for costly backup power and grid expansion. More efficient buildings also retain heat longer, effectively acting as thermal buffer storage. This allows for greater flexibility in electricity supply, as buildings can be temporarily taken off the grid—or shift demand—without sacrificing comfort or even being noticed by occupants. With renovation rates still far below 1% (Germany), the potential remains immense. Efficiency in buildings thus serves not only climate goals but also plays a vital role in ensuring system stability, reducing infrastructure needs, and enabling secure and affordable heating and cooling in a fully decarbonised energy system.

The expansion of **heating networks** from a current 13% to 20% of EU demand could save 24 billion cubic meters of gas by 2030<sup>4</sup> – equivalent to nearly half of Europe’s 2024 Russian gas imports – offering a pathway to energy independence while enabling the integration of renewable and waste heat sources. Modernisation of existing heating networks offers further major opportunities.

### Situation and Problem

European industry and households are largely dependent on fossil fuels (especially fossil gas). However, fossil dependency makes European industry and tenants equally vulnerable to price shocks resulting from external events like the Russian invasion of Ukraine or the ongoing escalation in the Middle East. Furthermore, it is a great barrier to reaching climate neutrality in Europe.

One pillar to reduce the dependency on fossil fuels is electrification. The technologies exist to efficiently electrify 60% of the heating and cooling demand today and up to 90% in 2035<sup>5</sup>. But electrification without simultaneously reducing the energy demand through energy efficiency measures will increase system costs dramatically, energy prices and therefore the demand for electricity price subsidies. As member states may not be able to fully compensate those costs, this will reduce the acceptance of the energy transition in the public and industry.

### Solution

Energy efficiency is not a secondary policy lever. It is a core condition for affordable energy, industrial competitiveness, energy security and climate neutrality in Europe. A future post-2030 governance framework should therefore retain a dedicated energy efficiency target as a central pillar of the EU target architecture.

<sup>3</sup> Source: iöw (Ed.) 2025: Die Rolle der Gebäudeeffizienz für die Wärmewende. Berlin.

<sup>4</sup> Source: Aalborg University (2023): Heat Matters: The Missing Link in REPowerEU. Aalborg.

<sup>5</sup> Source: Fraunhofer ISI (2024): Direct electrification of industrial process heat. An assessment of technologies, potentials and future prospects for the EU.

This is particularly important because electrification, digitalisation and new demand growth will put additional pressure on energy infrastructure and investment needs. Without a strong efficiency anchor, decarbonisation risks becoming unnecessarily expensive. Energy efficiency reduces overall energy demand, lowers system costs, limits the need for grid expansion and backup capacity, and improves resilience against fossil fuel price shocks and import dependency. In buildings and industry alike, the remaining cost-effective savings potential is still substantial.

*A dedicated EU energy efficiency target is also essential for investment certainty.* It provides the strategic framework for national policy design, implementation planning and support schemes. In practice, energy efficiency targets and energy saving obligations (Art. 8 EED) have been an important driver and mandate for public funding programmes and private investment decisions<sup>6</sup>. Removing or weakening this pillar in the post-2030 architecture would create uncertainty exactly where long-term planning and market confidence are most needed.

For this reason, the revision of the Governance Regulation should build on, and not weaken, the existing implementation framework under the Energy Efficiency Directive, the Energy Performance of Buildings Directive and the Ecodesign Directive.

In particular, the revised governance framework should better ensure that the “Energy Efficiency First” principle is reflected not only in reporting, but also in infrastructure planning, investment decisions and national transition pathways.

We therefore recommend:

- retaining a dedicated EU energy efficiency target in the post-2030 governance architecture;
- translating this target into a credible governance process with clear and binding national contributions<sup>7</sup> and deriving Energy Efficiency Obligation requiring member states to establish meaningful policy measures;
- ensuring that the revised Governance Regulation supports, rather than reopens or weakens, the delivery framework under the EED and EPBD;
- requiring Member States to demonstrate in their planning documents how the Energy Efficiency First principle has been applied where demand-side measures are more cost-effective than supply-side investments; and
- maintaining and enforcing energy saving obligations (Art. 8 EED) as they are the central pillar of the energy efficiency regime in Europe.

---

<sup>6</sup> As for Germany, the most important funding program “Federal Funding of Energy and Resource Efficiency in the Economy” has only been established after the EU set an energy efficiency target. From 2019 – 2023 55.342 projects have been realised. Together they saved 7 Mio. tCO<sub>2</sub>e/year. 2.9 bn euros of public spending levelled private investments of 9.7 bn euros. Source: Fraunhofer ISI, prognos, Universität Stuttgart & Öko-Institut (2024): Abschlussbericht.

<sup>7</sup> The last time the EU Commission issued an energy efficiency target confusion around the calculation mechanism prevented a swift implementation of national energy efficiency targets. This should be avoided.

## **2. Connect electrification KPI with energy efficiency policies**

### **Situation and Problem**

Electrification will play an important role in decarbonising heating and industrial processes and should be guided through a corresponding KPI tracking progress and guiding policy action. However, if electrification is tracked without an equally strong focus on energy efficiency, the future governance framework could reward rising electricity consumption without distinguishing between efficient decarbonisation and avoidable demand growth.

This matters because high electricity prices and an unfavourable gas-to-electricity price ratio still hinder the business case for many decarbonisation investments. At the same time, broad-based electricity price support without accompanying efficiency incentives risks creating the wrong signals: it can weaken incentives to reduce demand and use electricity efficiently, increase pressure on grids and generation capacity, and ultimately drive up total system costs and surcharges. In other words, electrification without efficiency can lead to avoidable capacity costs, higher subsidy needs to compensate for higher surcharges, and lower public acceptance as energy prices will rise to compensate for the avoidable additional costs, in particular, grid surcharges.

For the revision of the Governance Regulation, this is highly relevant. The Commission is explicitly considering the use of key performance indicators in the revised framework and aims to turn NECPs into genuine investment plans that better guide public and private funding. If an electrification KPI is introduced in that context, it should therefore be designed in a way that supports cost-effective system transformation rather than volume growth alone.

### **Solution**

We support the discussion on an electrification indicator in the post-2030 governance architecture, as electrification is a key pathway to decarbonise industrial heat and building heat. However, such an indicator should be introduced alongside a dedicated energy efficiency target and complementary demand-side metrics.

More specifically, the revised Governance Regulation should ensure that electrification is assessed together with progress on reducing final energy demand, improving energy productivity and limiting unnecessary peak loads and infrastructure needs.

We therefore recommend:

- introducing an electrification indicator paired with a dedicated energy efficiency target in the post-2030 target architecture;
- ensuring that any electrification KPI is complemented by demand-side indicators, such as final energy demand reduction and energy productivity;
- requiring Member States to explain in their NECPs how electrification policies and support schemes are combined with energy efficiency measures;
- making public support for electrification consistent with the “Energy Efficiency First” principle, so that demand reduction and flexibility are assessed before additional larger supply-side investments are triggered; and

- using NECPs as investment plans that show not only where electrification is expected to grow, but also which efficiency measures will contain system costs. The Commission itself is signalling that revised NECPs should better reflect investment needs, financing and KPI-based progress tracking

### 3. Unlock massive market potential and secure Europe's technology leadership

#### **Fact Box: Massive market potential – heating and cooling technology as a domestic market**

Low-exergy heat technologies are a key driver of Greentech growth in Germany. Clean and efficient process heat technologies alone have grown by 6.8 percentage points per year, which is 1.2 percentage points faster than the overall Greentech sector. Tapping the energy savings potentials and achieving full decarbonisation could drive up the market volume for the EU manufacturers of clean and efficient process heat technologies by a factor of 22. Nearly one million new jobs could be created in Germany alone<sup>8</sup>. Despite great growth rates, Europe's share of exports in the global export market has decreased. China is advancing rapidly in this market. Germany and Europe-based manufacturers have already lost the race against China in many segments of generation technologies (e.g. wind turbines, PV). We should not make this mistake again.

#### **Situation and Problem**

Europe's competitiveness depends not only on lowering energy costs, but also on creating predictable framework conditions for investment in clean and efficient technologies. The Commission is explicitly framing the Governance revision around affordability, competitiveness, decarbonisation, energy security and strategic autonomy. It also wants NECPs to evolve into real investment plans that guide public and private capital and support market growth for clean technologies.

From an energy efficiency perspective, this is highly relevant. Markets for efficient heating, cooling and industrial heat solutions do not scale on political ambition alone. They need visibility on long-term targets, stable implementation frameworks and credible national investment pathways. Today, however, investment signals remain too fragmented across Member States, and the current governance framework does not yet provide sufficient clarity on how national policies and financing will support the deployment of clean and efficient heat solutions beyond 2030. The Commission's own review points to fragmentation, gaps, and uncoordinated national approaches, while stressing that the post-2030 framework must improve investment certainty, regulatory stability and affordability.

Without stronger investment planning, Europe risks weakening its domestic market for energy efficiency and clean heating and cooling technologies at precisely the time when these markets are becoming strategically important for resilience, affordability and industrial leadership. A governance framework that remains too reporting-focused will not be enough to unlock deployment at scale.

#### **Solution**

We support the Commission's intention to turn NECPs from reporting documents into genuine investment plans. This is the right direction. However, to create real investment certainty for

---

<sup>8</sup> Source: Prognos (ed.) 2025: Marktanalyse: Net-Zero Technologien für energieeffiziente Prozesswärme. Berlin.

energy efficiency and clean heating and cooling markets, revised NECPs must do more than describe general ambition. They should set out clear sectoral pathways, identify priority technologies Made in Europe and measures, and explain how deployment will be financed and delivered in practice. The Commission is already considering revised NECP content on investment needs, financing and KPI-based progress tracking; this should be used to make demand-side investment needs much more visible.

In our view, the revised Governance Regulation should therefore require Member States to show how they will scale investment in energy efficiency, clean heating and cooling, and industrial decarbonisation across the post-2030 period. This should include stable support frameworks, financing instruments and reform measures that enable households, industry and SMEs to invest with confidence. NECPs should become a tool for market visibility and implementation certainty, not only for compliance.

We therefore recommend:

- requiring NECPs to include clear investment pathways for energy efficiency and clean heating and cooling technologies, building renovation, efficient decarbonisation of process heat within the different temperature ranges, efficient motion, lighting, conversion and storage and other efficiency technologies and services in all sectors.
- asking Member States to specify the key measures, financing instruments and reforms that will drive deployment in buildings, industry and heating and cooling infrastructure (e.g. consistent funding, easier access to loans specifically for SMEs, specific loans with an option of the adjournment of repayment cycles, secure carbon contracts for difference);
- ensuring that the post-2030 governance architecture provides long-term visibility through a dedicated energy efficiency target and coherent sectoral planning;
- promoting the introduction of derisking instruments such as tripartites at the national level to encourage the uptake of decarbonisation projects,
- linking NECPs more clearly to EU and national funding frameworks, while keeping the plans transparent enough to show which measures are expected to deliver which outcomes; and
- using the Governance revision to strengthen Europe's domestic market for efficient and clean technologies by improving predictability, comparability and implementation quality across Member States.

#### **4. Strengthen delivery through ESCOs and make energy poverty a core element of the governance framework**

##### **Situation and Problem**

The success of the energy transition will depend not only on targets, but on whether Member States put in place effective delivery mechanisms for households, SMEs and local actors. Many cost-effective energy efficiency investments still do not happen because those expected to deliver them often lack planning capacity, upfront capital, technical expertise or access to suitable support schemes.

This is particularly visible in the case of vulnerable households and energy poverty. Households in energy poverty are often least able to invest in renovation, efficient heating and cooling, or demand-side flexibility, even though they stand to benefit most from lower energy bills and improved living conditions. As a result, they remain exposed to high and volatile energy costs and risk being left behind by the transition. The current NECPs have too often failed to present sufficiently concrete, credible and measurable measures to address energy poverty<sup>9</sup>.

A similar implementation gap affects SMEs, local authorities and other delivery actors. SMEs frequently lack the internal resources to identify, finance and implement efficiency measures. Local authorities and utilities often face limited capacity to prepare investment pipelines and integrated heating and cooling strategies. In this context, Energy Service Companies (ESCOs) can play a critical role by bundling technical expertise, financing, implementation and operational risk management into workable delivery models. Yet their potential is still underused in many Member States because regulatory frameworks, access to finance and public support structures remain inconsistent.

If the revised Governance Regulation aims to turn NECPs into real investment and reform plans, it must address these delivery bottlenecks more explicitly. Otherwise, investment needs may be identified on paper without credible pathways for implementation.

### **Solution**

We support the Commission's intention to make the governance framework more implementation- and investment-oriented. In that context, the revised Governance Regulation should require Member States not only to set out objectives, but also to explain how delivery will happen in practice — especially for households in energy poverty, SMEs and other actors facing structural barriers to investment.

In our view, energy poverty should become a stronger and more operational part of the governance framework. NECPs should be required to include clear measures, financing approaches, target groups and expected impacts for reducing energy poverty through structural solutions, in particular through energy efficiency improvements and access to clean heating and cooling. Energy poverty should not be treated as a peripheral social issue, but as a core test of whether the energy transition is affordable, fair and politically sustainable.

At the same time, the revised framework should give greater prominence to ESCOs as key delivery actors. ESCOs can unlock investment where upfront costs, fragmented ownership structures or lack of expertise would otherwise prevent action. They are particularly relevant for SMEs, public buildings, district heating and cooling projects, and low-income households when combined with targeted public support. The point is not to prescribe one business model, but to ensure that NECPs identify credible implementation routes and delivery partners for hard-to-reach groups and fragmented markets.

We therefore recommend:

- requiring Member States to include in their NECPs specific and measurable policies to reduce energy poverty, including the expected impact of those measures;

---

<sup>9</sup> See the analysis submitted by the Coalition for Energy Savings

- ensuring that NECPs identify the financing tools and delivery structures that will enable vulnerable households to access renovation, efficient appliances, and clean heating and cooling;
- asking Member States to explain how SMEs, local authorities and other implementation actors will be supported in preparing and delivering energy efficiency investments;
- explicitly recognising ESCOs and other energy-service-based approaches in NECPs as important delivery vehicles to overcome upfront cost, financing and capacity barriers;
- encouraging Member States to create stable and non-discriminatory frameworks for ESCOs, including access to financing, support schemes and procurement opportunities; and
- making affordability and social fairness a visible part of governance monitoring, so that progress is assessed not only against headline climate and energy indicators, but also against the ability of Member States to protect vulnerable consumers through structural efficiency measures.