

Position on energy efficiency

Key messages

- Energy efficiency should not be confused with absolute energy savings and is subject to technical, economic and physical limits.
- Energy efficiency plays a significant role in achieving the goals of the Paris Climate Agreement and must go hand in hand with a switch to renewable energy.
- Energy efficiency policy must allow industrial growth and support innovations that lead to lower greenhouse gas emissions across value chains.

About the topic

Energy efficiency compares an output of performance, service or goods with an input of energy, e.g. the energy needed to heat or cool a house by a certain temperature, the energy needed to move a vehicle a number of kilometers, or the electricity needed to produce a certain amount of a chemical product. Together with renewable energy, energy efficiency is regarded as an integral part of sustainable energy policy. In its **Energy Efficiency 2020 report**, the International Energy Agency (IEA) estimates that energy efficiency will deliver more than 40% of the reduction in energy-related greenhouse gas emissions over the next 20 years.

What does BASF offer?

As an energy-intensive company, BASF is committed to continuously improving the energy efficiency of its processes. In this way we contribute to global climate protection, save energy resources and increase our competitiveness. We rely on efficient technologies for generating steam and electricity and the increased use of renewable energies. We make our production processes as energy efficient as possible with the help of comprehensive energy management. By the end of 2020, we achieved our goal of introducing certified energy management systems according to DIN EN ISO 50001 at all relevant production sites. Many BASF products facilitate energy efficiency and help our customers to save energy and avoid greenhouse gas emissions. Examples include insulating materials for buildings, lightweight plastic components for vehicles, and fuel additives.

Our position

BASF believes that measures to increase energy efficiency play a significant role in achieving the goals of the Paris Climate Agreement. Together with switching to renewable energy, energy saving potentials need to be fully exploited. Huge saving potentials still exist, e.g. in the building sector. In this way, improving energy efficiency also helps to make more renewable energy available in areas where energy consumption cannot be reduced further.

In the chemical industry, other factors may conflict with improving energy efficiency: Measures to safeguard high environmental standards, ensure flexible production to allow integration of intermittent renewable energy or introduction of new technologies to reduce carbon emissions may limit energy efficiency or even result in higher energy consumption. This applies, for example, to some of the new technologies that BASF is developing as part of its **Carbon Management R&D program**. As a result, both energy efficiency and the switch to renewable energy are needed.

Energy efficiency policy must allow industrial growth and support innovations that lead to lower greenhouse gas emissions across value chains. Targets that focus solely on industrial energy consumption instead of improving energy efficiency are potentially counterproductive and may result in cost burdens and stranded investments.