

SMEs Pivotal in Shaping Sustainable Future Amidst Climate Change and Economic Recession

The updated Energy Efficiency Directive will further support SMEs in taking up energy efficiency measures and performing energy audits.

Brussels, 4 July 2023. In the face of mounting challenges posed by climate change and rising energy costs, the significance of sustainable practices has taken centre stage. While often overshadowed by large corporations, it is imperative not to underestimate the pivotal role played by small and medium-sized enterprises (SMEs) in shaping our collective environmental destiny. Shedding light on this matter, a recent study conducted by the **LEAP4SME** project presents compelling evidence on the criticality of energy efficiency for SMEs, offering policymakers valuable recommendations. **As the Eurozone confirms its entry into a 'technical recession'** following a contraction of 0.1% in the first quarter of 2023, the urgency to address both economic and environmental concerns becomes even more pronounced. Balancing the need for sustainable growth with the imperative for recovery, proactive measures are imperative to stimulate the economy and foster environmentally conscious practices, particularly within the SME sector.

The **LEAP4SME** project, funded by the H2020 research and innovation program, aims to bridge the gap between energy efficiency policies and SMEs. The project recognises that SMEs, despite their size, collectively account for a substantial portion of energy consumption (According to IEA, SMEs account for at least 13% of global final energy consumption annually). By implementing energy-efficient practices, these businesses can not only reduce their environmental impact but also unlock significant cost savings and enhance their overall competitiveness.

One of the key findings of the LEAP4SME project is the need to tailor energy efficiency policies to the size and activity of the target companies. SMEs operate in diverse sectors and face unique challenges, making a one-size-fits-all approach ineffective. Policymakers must consider the specific characteristics and needs of SMEs to develop targeted initiatives that encourage and support energy efficiency measures.

The project also emphasises the importance of **collaboration and knowledge sharing among SMEs.** By promoting the creation of networks and facilitating the exchange of experiences, SMEs can learn from one another and identify best practices for energy efficiency implementation. This collaborative approach not only fosters innovation but also helps overcome common barriers faced by SMEs, such as limited resources and expertise.

Furthermore, the **LEAP4SME project highlights the significance of high-quality energy audits.** To ensure accurate assessments and effective energy-saving measures, a certified supply chain of energy auditors and advisors is essential. By establishing a reliable and trusted network of professionals, SMEs can make informed decisions and maximise the



benefits of energy efficiency initiatives. This is aligned with the updated Energy Efficiency Directive, that will lead to further support for SMEs in taking up energy efficiency measures. According to the EED recast, it is now the responsibility of Member States to encourage the accessibility of high-quality energy audits and establish one-stop shops that offer SMEs and microenterprises technical, administrative, and financial guidance.

“The combination of Putin’s chokehold on gas supplies, the most severe drought on record and a failing conventional power fleet created the conditions for a perfect storm. A scenario that could repeat itself in the coming winter.”

– Niels Fuglsang, Member of the European Parliament and Rapporteur of the Energy Efficiency Directive

Energy efficiency and competitiveness

The benefits of energy efficiency for SMEs extend beyond environmental and cost considerations. The LEAP4SME project emphasises the importance of understanding **the relationship between energy-efficient measures and company performance**.

Implementing energy-efficient measures can lead to reduced energy consumption, resulting in significant cost savings for SMEs. Energy costs are often a major concern for businesses, and by adopting energy-efficient technologies and practices, SMEs can effectively manage their energy expenses and allocate those savings towards other areas of their operations. This not only improves their financial stability but also enhances their competitiveness in the market.

Moreover, embracing energy efficiency aligns SMEs with the global movement towards sustainability. Consumers are increasingly conscious of the environmental impact of the products and services they choose, and businesses that demonstrate a commitment to sustainability are more likely to attract environmentally conscious customers. By implementing energy-efficient practices, SMEs can enhance their brand reputation, differentiate themselves from competitors, and tap into a growing market of eco-conscious consumers.

In a few words – Expert quotes

“To reach the goal of net neutrality in 2050, we need the help of everyone, and we need much more than economic programmes and planning: we need values, communities, families and motivation and that’s exactly where SMEs can play their role.”

– Patrizia Toia, MEP, S&D Group, Vice-Chair ITRE Committee



“The green transition will become a competitive advantage for businesses. Hence, alternating heating systems to heat pumps, taking advantage of excess heat, shifting to LED lighting, and installing intelligent energy management. The solutions are money and the potential to greatly reduce energy bills and stabilise inflation.”

– Niels Fuglsang, Member of the European Parliament and Rapporteur of the Energy Efficiency Directive

#Efficiencyfacts

- SMEs, accounting for a staggering 99% of European businesses, contribute to around 13% of the overall energy demand in the European Union.
- Supporting the energy transition of SMEs is vital in assisting the EU in meeting its energy efficiency improvement targets.
- Studies have shown that SMEs that prioritise energy efficiency can experience savings of up to 30% on their energy bills
- According to the International Energy Agency, energy audits yield an average potential energy savings of 18% for SMEs
- To date, studies estimate that only 25% of SMEs in Europe have undertaken an energy audit.

More materials

- A [public declaration](#) of MEP Patrizia Toia, Vice-Chair ITRE Committee, European Parliament
- [Niels Fuglsang's editorial – Stronger Support For Energy Efficiency In SMEs](#)
- [Practical guide: How to perform an energy audit](#)
- [Photo Gallery](#)
- [INFOGRAPHICS: SMEs in Europe](#)

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KEYWORDS

Energy efficiency, Sustainability, Energy transition, Energy Audits, Competitiveness

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