11th Global Conference on Energy Efficiency

Outcome Statement

International Energy Agency

Government of Canada

Gouvernement du Canada

The Montreal Action Plan

In the context of the current global energy crisis, we meet today in Montreal at the International Energy Agency's 11th Annual Global Conference on Energy Efficiency, co-hosted by the IEA and the Government of Canada, to reaffirm the importance of energy efficiency and to discuss how we can scale up energy efficiency efforts. In doing so we aim to build longer-term economic competitiveness and resilience at the national and global level, improve people's lives by reducing energy bills, increasing energy security, and advancing clean energy transitions. This action plan builds on the outcomes of previous editions of this Annual Conference, which highlighted the "energy efficiency first" principle and set out the global ambition across all sectors, which continues to guide our collective direction.

Successive energy crises illustrate how global energy markets can be quickly disrupted, and that energy efficiency is an integral part of government responses to help shelter consumers from price shocks. The first major oil shock in 1973 caused energy prices to surge and exposed the vulnerability of oil-dependent economies. In response, many countries introduced new energy efficiency policies, and without them global energy demand would have been twice as high today. More recently, Russia's full-scale invasion of Ukraine in 2022 caused natural gas prices to increase, particularly in Europe, leading to a nearly 20% demand reduction in the residential sector, mainly due to accelerating efficiency measures. And at COP28 in 2023, for the first time in history, countries around the world agreed on a global target for energy efficiency – to double progress by 2030.

This year, the conflict in the Middle East caused a near halt in shipping traffic through the Strait of Hormuz, leading to the largest supply disruption in the history of the global oil market. This has affected global markets for crude oil and refined products, LNG, and other key commodities, and created severe disruptions in energy supply in many countries. We recognise this crisis demands historic action by governments and that energy efficiency is central to this response.

We acknowledge the role energy efficiency can play in protecting people in the short, medium and long-term. In response to the current crisis, IEA countries coordinated the largest ever release of emergency oil stocks and many countries are implementing demand-side policies. We welcome the IEA's early call for policy action through a menu of demand-side measures that governments, businesses and households could take immediately to make smart energy savings decisions, and we welcome the Energy Crisis Policy Response Tracker that is actively monitoring governments' emergency policy announcements.

While the immediate focus is on managing today's disruptions, the Paris Agreement goals and the global path to net-zero emissions remain the overarching frame. Meeting the COP28 commitment to double global energy efficiency progress by 2030 serves both energy security and decarbonisation.

Multilateralism is essential for tackling global challenges and enabling countries to coordinate actions, share resources, and create collective solutions. We thank the IEA for its central role in bringing countries together and providing a clear and immediate response. We call on the IEA to continue facilitating dialogue between nations and to continue supporting governments in sheltering consumers from energy price pressures.

We also acknowledge the pivotal role energy efficiency plays in the long-term in enhancing energy security, competitiveness, affordability and decarbonisation. Maximising energy efficiency allows people and businesses to benefit from a resilient energy system, increasing access to energy services while avoiding negative impacts. It lowers bills, reduces exposure to energy price volatility, and helps shelter consumers from future price shocks, offering one of the most cost-effective ways to improve peoples' lives, support competitiveness and cut greenhouse gas emissions.

We reaffirm our commitment to collectively doubling the global average annual rate of energy efficiency improvements by 2030, and we pledge to exploit the full potential of energy efficiency to build long-term resilience against future energy shocks by making energy efficiency the cornerstone of energy policies, without creating additional administrative burden for businesses. Recognising the untapped potential of energy efficiency, we commit to putting energy efficiency first in energy policy considerations and to chase efficiency gains across all sectors. This includes efforts to unlock the finance that is needed at scale to achieve these goals. To do this effectively, we will work collaboratively, share best practices and use these in our policy making. We ask the IEA to facilitate this collaboration and to support governments in designing and implementing highly effective policies.

We recognise that in times of energy crisis, two groups are often hit hardest by price shocks and uncertainty: vulnerable households and small businesses. To make them more resilient against future price shocks, structural energy efficiency improvements, and sufficiency measures where appropriate, are important solutions. We therefore highlight in particular the opportunity to enhance energy efficiency among:

- **Vulnerable households,** who often already face energy affordability problems and are particularly affected by price shocks, which can exacerbate these issues. Improving the efficiency of homes and transport means can permanently lower bills. We welcome the continued focus the IEA is putting on this issue, including through regular reporting and clear, targeted and actionable policy recommendations. **We commit to work collectively to help all people access the benefits of energy, including low-income households and other vulnerable groups, by implementing energy efficiency policies to alleviate hardship in the short-term and build long-term resilience.**

- **Small and medium-sized enterprises (SMEs)** are the backbone of our economies but can also be vulnerable to energy price volatility and often have less time and money to spend on energy efficiency. Improving the efficiency of SMEs makes them more resilient to external shocks and provides a competitive advantage. We ask the IEA to support governments by offering targeted analysis, convening likeminded groups and conducting capacity building activities. **We commit to scaling up efforts to support energy efficiency in SMEs, drawing on the IEA's recommendations.**

We recognise that there is significant potential remaining to enhance energy efficiency across all end-use sectors to increase resilience, improve affordability, enhance competitiveness and reduce greenhouse gas emissions. In the spirit of pursuing efficiency gains, we highlight the need to act in two key areas that have significant potential for accelerated energy efficiency action: one area that is already a key driver of energy demand in many countries, and one area that is seeing strong energy demand growth that is set to continue in the coming years.

- **Heating and cooling in buildings** play a key role in improving people's lives. Space and water heating account for up to 70% of home energy use in some countries, while rising incomes and increasingly

extreme temperatures drive up cooling demand. Energy affordability issues have been exacerbated in some countries due to the current crisis. Buildings account for around 30% of energy demand globally, and household appliances are responsible for about 45% of total electricity demand in buildings, with rising temperatures and growing ownership of air conditioners (ACs) pushing up demand in recent years. We note that buildings and the heating and cooling technologies within them are often much less efficient than they could be, and we recognise that energy performance standards for buildings and appliances, and financial incentives can play a crucial role improve their efficiency. We also acknowledge the importance of heat pumps and deploying efficient heating and cooling district networks. **We commit to regularly reviewing and updating our relevant policies and we ask the IEA to help governments through its analysis and best practice advice.**

- **The world is entering an Age of Electricity.** This shift is driven by electrification of end uses such as heating, industrial processes, and vehicles, as well as growing demand from air conditioning and digital infrastructure, including data centres. As electricity demand grows, electrification needs to be efficient and smart. Energy efficiency will be essential to help manage system costs, reduce peak demand, support reliability and flexibility, and maintain affordability for households and businesses. Electrification is itself a major source of efficiency gains. One particularly important consideration is in the growing use of artificial intelligence and the resulting demand for data centres. Global electricity consumption from data centres is projected to more than double by 2030, and the efficiency gap between best and worst performers is large. Taking action early is essential to manage rising electricity consumption across the economy. **We commit to explore ways, in accordance with national circumstances, to enhance energy efficiency in all sectors, including data centres, for example through flexibility, waste heat recovery, and efficient technology deployment, and ask the IEA to highlight best practices.**

An essential element of all energy efficiency action is boosting private finance. Rapidly scaling up energy efficiency investments requires a comprehensive approach that addresses financial, technical, and institutional barriers. Multi-stakeholder engagement is essential to align all actors, reduce market fragmentation and complexity, and lower transaction costs. By strategically deploying public resources along with favourable regulatory frameworks and support tools, we can foster solutions and support the development of a strong energy efficiency services market. **We commit to taking the necessary actions to mobilise investment and accelerate the deployment of energy efficiency solutions in all sectors**.

We, the governments assembled at the IEA 11th Annual Global Conference on Energy Efficiency, send a clear signal: the global momentum for energy efficiency is growing. We recognise the importance of this moment in responding to the global energy crisis with a renewed and sustained focus on energy efficiency. We will maintain high ambition and strengthen cooperation, and we request that the IEA continues to support these efforts with data, analysis, tracking and advice. We look forward to reconvening at the IEA's 12th Annual Conference on Energy Efficiency in 2027 to discuss progress and renew our commitments to accelerate energy efficiency action to enhance resilience and improve people's lives.

Statement issued on behalf of the following participants of the ministerial discussion at the IEA's 11th Annual Global Conference on Energy Efficiency:

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- Canada
- Chile
- European Commission
- Dominican Republic
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- Honduras
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- Peru
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