



European  
Commission



## Financing Energy Efficiency in Greece and Cyprus

# Smart Finance for Smart Buildings

Athens, 31 May 2018



# Clean Energy for All Europeans Package

What are our objectives?

Creating jobs & growth, bringing down greenhouse gas emissions, securing energy supply



Putting energy efficiency first



Demonstrating global leadership in renewables



Delivering a fair deal for consumers

# What can we expect in terms of results?

2016

2030



The package presents a **dual opportunity** to speed up **decarbonisation** and to speed up **growth and job creation**.



## Investment:

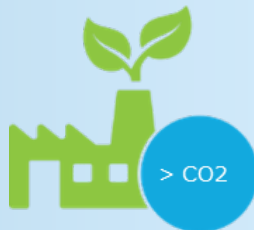
- extra 177bn EUR euros per year of investment from 2021 to meet 2030 climate & energy targets
- Crucial role for EFSI



## Economic growth\*:

- 1% increase in GDP
- 190bn EUR into the economy
- 900,000 new jobs

\*Upper end of estimates



## Decarbonisation:

- Carbon intensity of the economy 57% lower in 2030 than in 2015
- 72% share of non-fossil fuels in electricity generation in 2030

# POLICY CONCLUSIONS FOR 2030

*Building renovation has to do more*

- Review of EPBD
- Review of EED (target, Art. 7 EED)

*Financing has a more important role to play*

- Smart Finance for Smart Buildings

*Digital/ICT has a big potential to contribute*

- Development of a 'Smartness indicator for buildings'
- Review of Art. 9-11 EED

## Focus on buildings



75% of the housing stock is energy inefficient, missing the benefits of increased renovation.



Renovation rates are too low and renovation depth is too shallow.

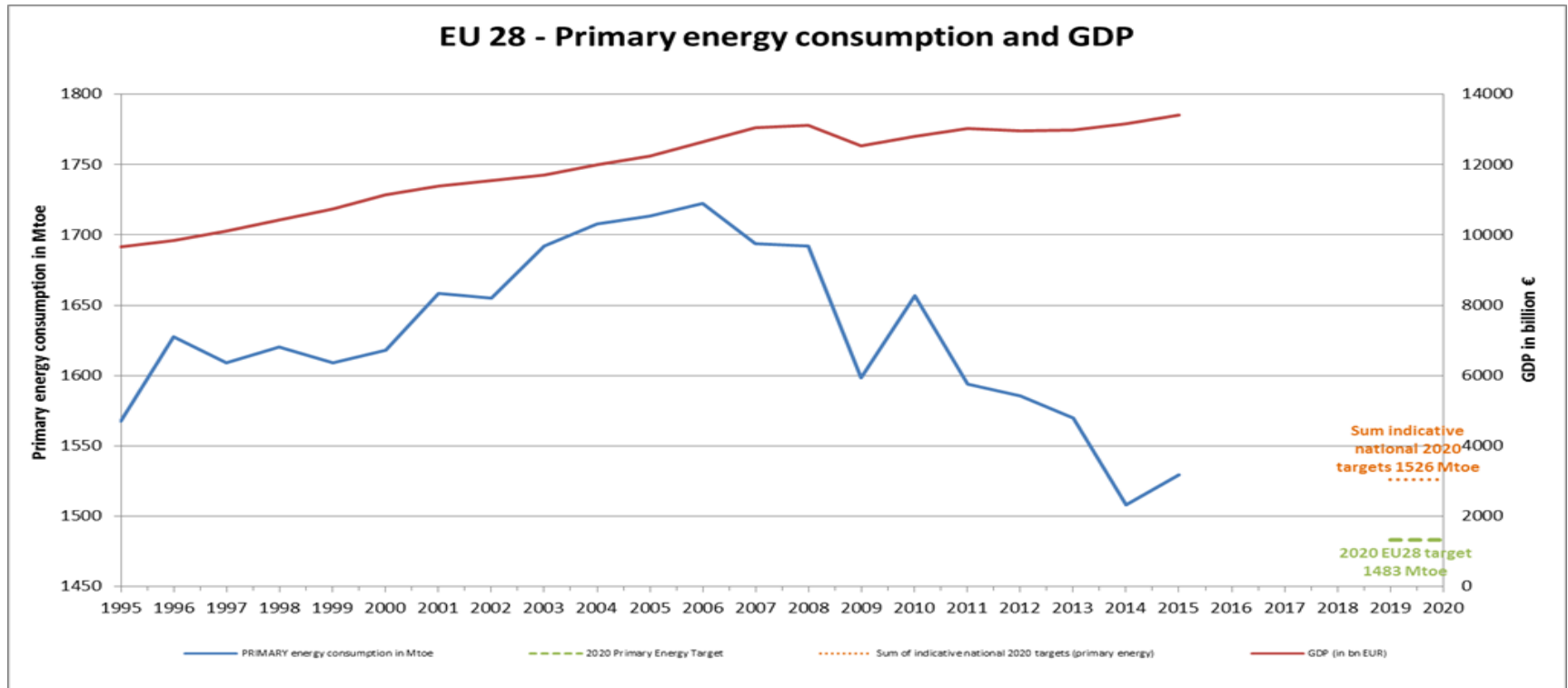


Need to accelerate and finance building renovation investments.



Tapping the potential of smart building technologies.

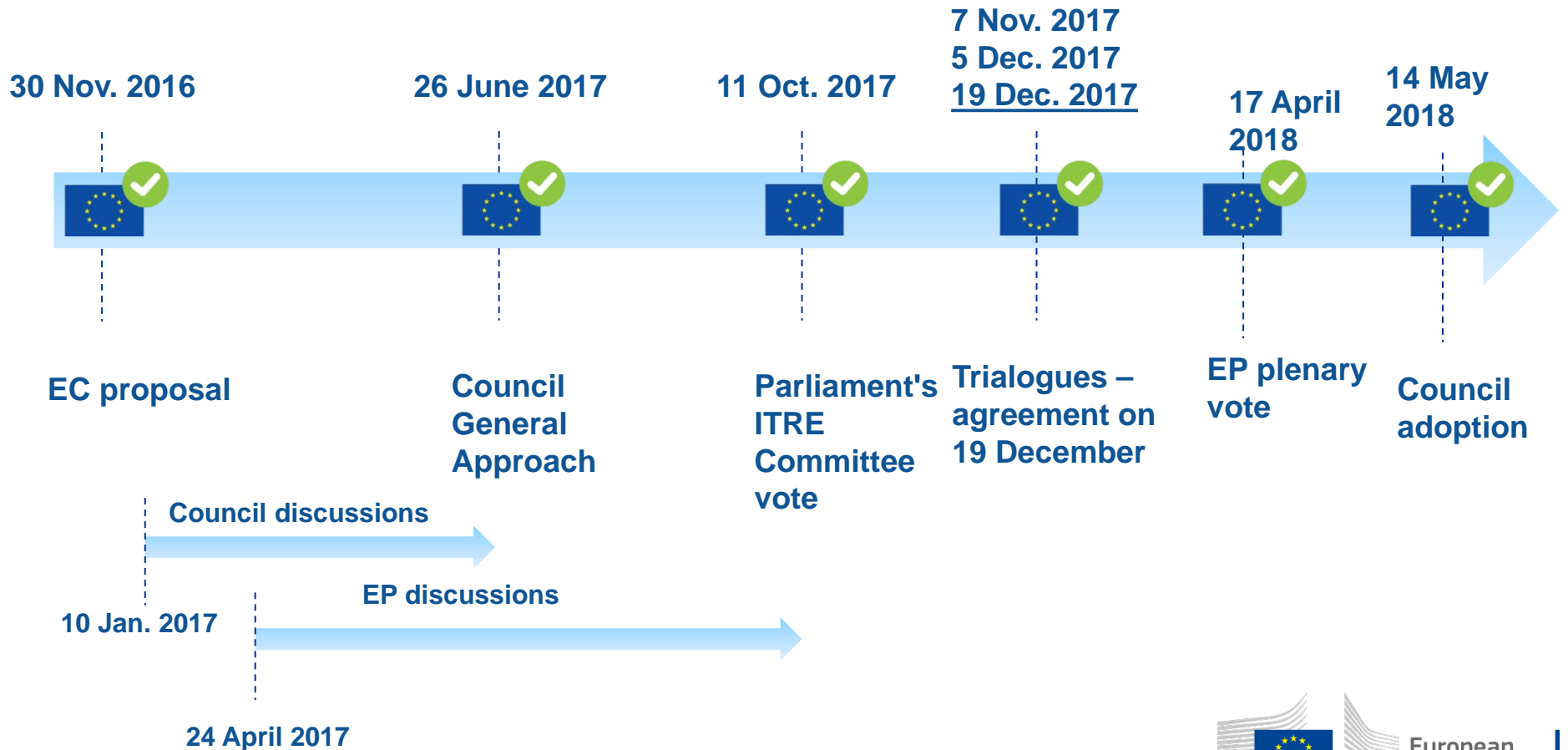
# It's possible...and it's happening...



Coherent governance process is needed to ensure that there is no ambition and delivery gap towards the Union's 2030 energy efficiency target.

# EPBD review: the process

FROM EC PROPOSAL TO FINAL TEXT



# Main outcomes of the revised EPBD

## A STRENGTHENED DIRECTIVE

- ✓ Stronger **long term renovation strategies** for Member States, aiming at decarbonisation by 2050 and with a solid financial component.
- ✓ Targeted support to **e-mobility** infrastructure deployment.
- ✓ Higher thresholds for **inspections** of heating and air conditioning systems and reinforced provisions on **building automation**
- ✓ A **Smart Readiness Indicator** for buildings.
- ✓ Strengthened **data requirements**.
- ✓ Enhanced **transparency** of national building energy performance calculation methodologies.

**Supportive** of building renovation, by linking policy and financing to results.

**Smart**, by ensuring the use of ICT and modern technologies,



# THE "SMART FINANCE FOR SMART BUILDINGS" INITIATIVE

## MAJOR GOALS

### More effective use of public funds

- Deploying **Financial Instruments** and flexible energy efficiency and renewable financing platforms
- Building on EFSI II blending with ESIF funds



### Assistance and aggregation

- Supporting the project pipeline at EU and local level
- **Project Development Assistance** facilities
- "One-stop-shops"
- **EIB ELENA**



### De-risking

- Understanding the risks and benefits for financiers and investors
- **The De-risking Energy Efficiency Platform**
- Commonly accepted underwriting framework



## Pillar I: More effective use of public funds deploying financial instruments

- **Making more use of financial instruments**, to achieve high leverage ratios.
- **Flexible financing platforms at national level**, mixing different strands of public financing (i.e. **ESIF, EFSI**).
- On-line **EU mapping tool** to understand how public funds can be used to support energy efficiency in Europe.
- Make **Energy Performance Contracting** more accessible to the public sector.
- **Sustainable Energy Investment Forums.**



## Sustainable Energy Investment Forums

<https://ec.europa.eu/energy/en/financing-energy-efficiency/sustainable-energy-investment-forums>

*A series of regional and national events to:*

- Create momentum
- Build capacity
- Favour EU networking



### **Background:**

Current levels of investment in sustainable energy are insufficient. Increased use of private finance is necessary.

**Aim:** Work with national stakeholders in order to boost large-scale investment and financing for sustainable energy.

### **Content:**

- showcase best practices
- engage dialogue with the financial sector, public authorities, and all relevant stakeholders.

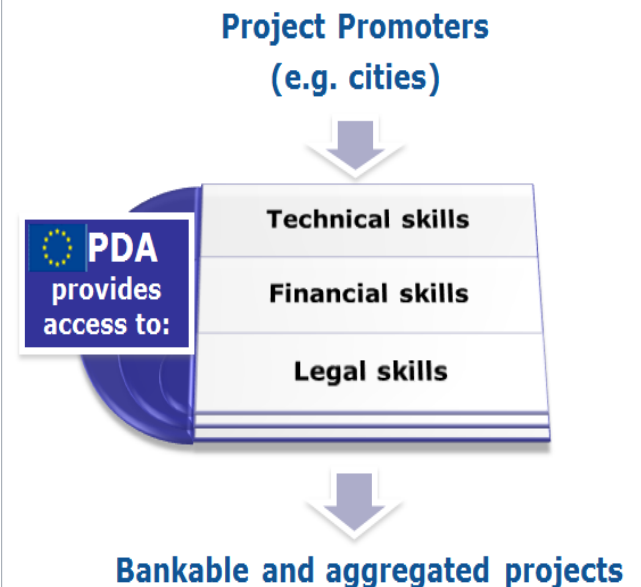
## Pillar II: Providing aggregation and assistance for project development

**Reinforce Project Development Assistance (PDA) facilities** at the EU level to help project promoters bring their ideas to maturity.

- E.g. support from **ELENA**, via EIB (PDA facility funded through the European Commission's Horizon 2020 programme)
- **PDA calls** launched by EASME for smaller projects

**Dedicated local or regional one-stop-shops** for project developers.

### ➤ EU Project Development Assistance (PDA)









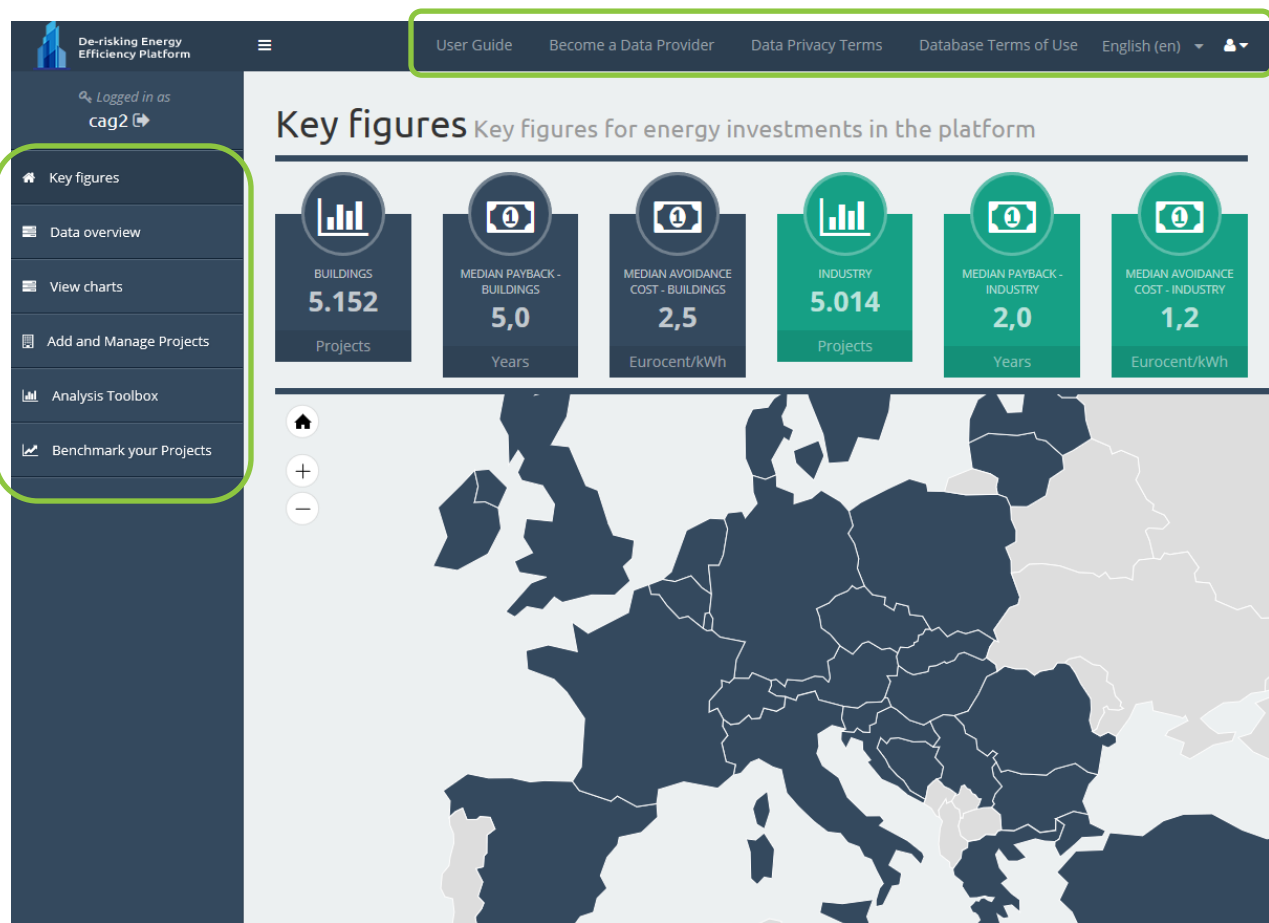
## Pillar III: De-risking energy efficiency investments

**Change the risks perception related to energy efficiency investments. Work together with the Energy Efficiency Financial Institutions Group (EEFIG):**

- The **De-risking Energy Efficiency Platform (DEEP)**, an open source database containing real performance data of energy efficiency projects (over 7.800 energy efficiency projects already).
- An **underwriting toolkit on the value and risk appraisal of energy efficiency investments** (released on 22 June).




-  Key figures
-  Data overview
-  View charts
-  Add and Manage Projects
-  Analysis Toolbox
-  Benchmark your Projects



De-risking Energy Efficiency Platform




Logged in as **cag2**

User Guide   Become a Data Provider   Data Privacy Terms   Database Terms of Use   English (en)   

## Key figures

Key figures for energy investments in the platform

| Category                          | Value | Unit         |
|-----------------------------------|-------|--------------|
| BUILDINGS                         | 5.152 | Projects     |
| MEDIAN PAYBACK - BUILDINGS        | 5,0   | Years        |
| MEDIAN AVOIDANCE COST - BUILDINGS | 2,5   | Eurocent/kWh |
| INDUSTRY                          | 5.014 | Projects     |
| MEDIAN PAYBACK - INDUSTRY         | 2,0   | Years        |
| MEDIAN AVOIDANCE COST - INDUSTRY  | 1,2   | Eurocent/kWh |

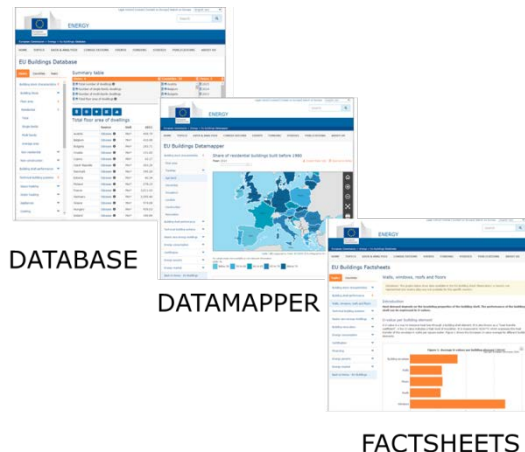
  

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## NEED FOR BETTER DATA

*EU Building Stock Observatory, supported by additional data gathering*  
<https://ec.europa.eu/energy/en/eubuildings>

- ❑ To provide a snapshot of the energy performance of the EU building stock
- ❑ To set a framework / methodology for the continuous monitoring of the building stock



## Topics covered

1. Building stock & energy needs and consumption
2. Technical building systems
3. Certification
4. Financing
5. Energy poverty & social aspects

## ADVANTAGES of flexible energy efficiency financing platforms

### FOR PUBLIC AUTHORITIES:

- ❖ trigger much **more investments** for the same amount of public funding than under traditional grant schemes (similar existing pilot schemes have achieved up to 10 € invested for every euro of public money);
- ❖ **low administrative burden** for authorities.
- ❖ **no need for national co-financing** if ESIF financing is used as a first loss piece in combination with EFSI for the **guarantee**.

### FOR THE BANKS INVOLVED:

- ✓ **reduce the risk** faced by the banks and allow them to reduce the associated capital requirements;
- ✓ the involvement of EIB and the EFSI financing would **increase the attractiveness** of the products;
- ✓ market a **well-designed product**, and access to technical assistance.

### FOR FINAL BENEFICIARIES:

- more **attractive loan conditions** (e.g. lower interest rate, longer maturity);
- **better access to loans** thanks to the risk sharing facility and access to technical assistance
- **minimal administrative burden** for final beneficiaries, able to work with their own bank as the main (and possible sole) intermediary.





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# Thank you!

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